

COLORADO CITY METROPOLITAN DISTRICT
COLORADO CITY, COLORADO
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AND CERTAIN SUPPLEMENTAL INFORMATION

December 31, 2020

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis - required supplementary information	3 - 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Governmental Fund Financial Statements	
Balance Sheet	13
Reconciliation of Balance Sheet to Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Fund Financial Statements	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	20 - 33
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	34
Notes to Required Supplementary Information	35
Other Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Water Fund	36
Sewer Fund	37
Golf Fund	38
Property Management Fund	39
Schedule of Conservation Trust Fund - Assets and Fund Balance	40
Schedule of Conservation Trust Fund - Revenues, Expenditures and Change in Fund Balance	40

Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA
MEL J. ROSS, CPA
SAM J. DeNARDO, CPA

SUITE 200
3673 PARKER BOULEVARD
PUEBLO, COLORADO 81008
719 / 544-9872
FAX 719 / 253-5417
www.grdcpa.com

Independent Auditor's Report

September 28, 2021

Board of Directors
Colorado City Metropolitan District
Colorado City, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Colorado City Metropolitan District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Colorado City Metropolitan District, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 34-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Colorado City Metropolitan District's basic financial statements. The accompanying schedules of revenues, expenditures and changes in fund balance - budget and actual for the business type activities and the schedules for the Conservation Trust Fund on pages 36-40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Darren Ross $\frac{1}{2}$ *DeNardo, Inc.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Colorado City Metropolitan District Management's Discussion and Analysis Year Ended December 31, 2020

This discussion and analysis of the Colorado City Metropolitan District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2020. Please read this discussion and analysis together with the financial statements, the notes to financial statements and the supplementary information provided.

This annual financial report consists of a series of financial statements. The Statement of Net Position (page 11) and the Statement of Activities (page 12) provide information about the activities of the District as a whole and presents a broader picture of the District's finances. The fund financial statements start at page 13. These statements present how the services were financed in the short term as well as what remains for future operations. Fund financial statements also report the District's operations in more detail by displaying the individual fund activities.

These two statements (Statement of Net Position and Statement of Activities) report the District's net position and changes in it. You can think of the net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the net position is one indicator of whether its financial health is improving or deteriorating. Assessment of other non-financial factors should also be considered to assess the health of the District, such as changes in the District's property tax base, conditions of its roads, water quality and availability, and the quality of the recreational programs and facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities** – For 2019, this included the general administration, recreational facilities and programs, the roads maintenance services and the Hollydot golf course. Per a resolution passed by the Board of Directors, effective January 1, 2020 the activities of Hollydot golf course are included in Business-type Activities.
- **Business-type Activities** – The District charges fees to customers to help cover all or most of the cost of certain services it provides. For 2019, the District's water and sewer systems and the property management fund were reported here and also referred to as "enterprise funds." Beginning January 1, 2020, this also includes Hollydot golf course enterprise fund and its related activities.

Some funds/accounts are required by state law and debt requirements. However, the District's Board of Directors establishes other funds/accounts to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money (such as grants from the Colorado Department of Local Affairs). The District's two kinds of funds, governmental and proprietary (business-type), use different accounting approaches.

- **Governmental Funds** --- The District's basic services are reported in governmental funds which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and modified accrual accounting, to measure cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- **Proprietary (business-type) Funds** --- When the District charges customers for the services it provides, whether to outside customers or to other units of the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, but provide more detail and additional information, such as cash flows.

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities present information about the District, as a whole, and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

FINANCIAL HIGHLIGHTS

- The District's net position changed more significantly as a result of the 2020 operations than other recent years. The net position of the governmental activities decreased \$890 thousand, or 11.4%; however, there was a \$1.2 million decrease in the net position of governmental activities due to the reclassification of the golf activities to business-type. The net position of the governmental activities increased by \$323 thousand as a result of operations. The net position of the business type activities increased by \$1.6 million, or 20.3%; however, there was a \$1.2 million increase in the net position of business-type activities due to the reclassification of the golf activities from governmental. The net position of the business-type activities increased by \$413 thousand as a result of operations.

- The governmental activities program revenues show a decrease of \$261 thousand, or 50.6%. The governmental activities expenses decreased \$382 thousand, or 36.5%.

- The business-type activities net position increased by \$1.6 million (\$1.2 million due to the inclusion of the Golf Fund), compared to the prior year increase of \$32 thousand. The business-type change in net position caused by revenues and expenses was an increase of \$413 thousand, or 4.5%. The Water Fund gained \$34 thousand, the Sewer Fund gained \$227 thousand, the Golf Fund gained \$131 thousand, and the Property Management Fund gained \$21 thousand. The gain in the Water Fund marks its first increase in net position over the last five years.

THE DISTRICT AS A WHOLE

The District's combined net position changed more substantially from a year ago than in other recent years, increasing from \$15,776 million to \$16,512 million, an increase of 4.7%. The analysis of the Net Position (Table 1) and Changes in Net Position (Table 2) follows:

Table 1
NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2020	2019	2020	2019	2020	2019
Cash and investments	\$ 1,604	\$ 677	\$ 476	\$ 285	\$ 2,080	\$ 962
Capital assets	6,131	7,291	11,113	9,590	17,244	16,881
Other assets	812	832	2,393	1,452	3,205	2,284
Total assets	8,547	8,800	13,982	11,327	22,529	20,127
Long-term debt outstanding	75	247	4,017	3,238	4,092	3,485
Other liabilities	1,174	360	338	88	1,512	448
Total liabilities	1,249	607	4,355	3,326	5,604	3,933
Deferred inflows – property taxes	413	418	-	-	413	418
Net position:						
Net investment in capital assets	6,066	7,198	7,138	6,386	13,204	13,584
Restricted	64	86	476	285	540	371
Unrestricted	755	491	2,013	1,330	2,768	1,821
Total net position	\$ 6,885	\$ 7,775	\$ 9,627	\$ 8,001	\$ 16,512	\$ 15,776

The net position of the District's governmental activities decreased by \$890 thousand (11.4%). That portion of the net position available to finance day-to-day operations (without restrictions by debt commitments or grantors) increased by \$264 thousand to \$755 thousand at the end of the year. It should be noted that the large decrease in total net position is driven by reclassification of the Hollydot golf activities to business-type activities.

The net position of business-type activities increased by \$1.6 million (20.3%). This will be reviewed in more detail in the funds sections below.

Table 2
CHANGES IN NET POSITION (in thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 122	\$ 482	\$ 2,401	\$ 1,790	\$ 2,523	\$ 2,272
Grants & Contributions	133	34	391	162	524	196
General Revenues:						
Property Taxes	409	359	-	-	409	359
Other Taxes	98	77	-	-	98	77
Other Revenues	187	53	119	104	306	157
Total Revenues	949	1,005	2,911	2,056	3,860	3,061
Program Expenses						
Administration	286	250	-	-	286	250
Recreation and Parks	312	309	-	-	312	309
Roads Operation	68	46	-	-	68	46
Water fund	-	-	1,373	1,309	1,373	1,309
Sewer fund	-	-	750	708	750	708
Golf Course	-	443	432	-	432	443
Property Management	-	-	33	23	33	23
Total expenses	666	1,048	2,588	2,040	3,254	3,088
Excess(deficiency) before special items	283	(43)	323	16	606	(27)
Transfers	-	-	-	-	-	-
Sale of Assets	40	23	90	16	130	39
Increase (Decrease) in Net Position	\$ 323	\$ (20)	\$ 413	\$ 32	\$ 736	\$ 12

The District's total revenues increased by \$890 thousand (28.7%), while expenses had a comparatively small increase of \$166 thousand (5.4%). Our analysis below separately considers the operations of government and business-type activities.

Governmental Activities:

Property and other taxes increased by \$71 thousand while program revenues decreased by \$261 thousand (2019 program revenues included the Hollydot golf activities). The amount the District taxpayers financed for the government activities through taxes was \$184 thousand (\$456 thousand in 2019) because some of the cost was paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants.

Table 3 presents the cost of each of the District's programs as well as each program's net cost (total costs less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Table 3
NET COST TO TAXPAYERS (in thousands)

	2020			2019		
	Expenses	Service Charges & Operating Grants	Net Costs	Expenses	Service Charges & Operating Grants	Net Costs
Administration	\$ 286	\$ 10	\$ 276	\$ 250	\$ 10	\$ 240
Parks & Recreation:						
Recreation Center	15	-	15	14	1	13
Swimming Pool	46	-	46	78	17	61
Parks & Recreation	<u>251</u>	<u>245</u>	<u>6</u>	<u>217</u>	<u>117</u>	<u>100</u>
Sub-total	312	245	67	309	135	174
Golf Course Operations	-	-	-	443	371	72
Roads Operations	<u>68</u>	<u>-</u>	<u>68</u>	<u>46</u>	<u>-</u>	<u>46</u>
Total Government Activities	<u>\$ 666</u>	<u>\$ 255</u>	411	<u>\$1,048</u>	<u>\$ 516</u>	532
Less Investment Earnings			(12)			(8)
Less Other Revenues			(175)			(45)
Less Gain on Property Sales			<u>(40)</u>			<u>(23)</u>
Net Cost to Taxpayers			<u>\$ 184</u>			<u>\$ 456</u>
Property & Other Taxes			<u>\$ 507</u>			<u>\$ 436</u>

Business-Type Activities:

Revenues for the District's business-type activities (see Table 2) increased 41.6% and expenses increased by 26.9% (2020 business-type activities include the Hollydot golf activities). Business-type activities in the Water and Property Management Funds both showed their first profit over the last five years (see Table 4). The Sewer Fund recorded its largest increase in net position in the periods presented. The Water and Property Management Funds still showed operating losses, but these losses are offset by non-operating revenues. Non-operating revenues are funds received for investment in future infrastructure. These include water and sewer impact fees and new investments. Operating expenses include interest expense.

Table 4
BUSINESS TYPE ACTIVITY DEFICITS (in thousands)

	2020	2019	2018	2017	2016
Water Fund					
Operating Revenues	\$1,215	\$1,103	\$ 987	\$ 926	\$ 912
Operating Expenses	<u>1,373</u>	<u>1,308</u>	<u>1,246</u>	<u>1,233</u>	<u>1,145</u>
Net Operating Income (Loss)	(158)	(205)	(259)	(307)	(233)
Capital Contributions/Other	<u>192</u>	<u>63</u>	<u>59</u>	<u>45</u>	<u>31</u>
Net Increase (Decrease) in Net Position	<u>\$ 34</u>	<u>\$ (142)</u>	<u>\$ (200)</u>	<u>\$ (262)</u>	<u>\$ (202)</u>
Sewer Fund					
Operating Revenues	\$ 777	\$ 825	\$ 652	\$ 678	\$ 674
Operating Expenses	<u>750</u>	<u>708</u>	<u>790</u>	<u>822</u>	<u>670</u>
Net Operating Income (Loss)	27	117	(138)	(144)	4
Capital Contributions/Other	<u>200</u>	<u>64</u>	<u>47</u>	<u>36</u>	<u>24</u>
Net Increase (Decrease) in Net Position	<u>\$ 227</u>	<u>\$ 181</u>	<u>\$ (91)</u>	<u>\$ (108)</u>	<u>\$ 28</u>
Golf Fund					
Operating Revenues	\$ 563	\$ -	\$ -	\$ -	\$ -
Operating Expenses	<u>432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Operating Income (Loss)	131	-	-	-	-
Capital Contributions/Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Net Position	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Property Management Fund					
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ 13
Operating Expenses	<u>33</u>	<u>23</u>	<u>24</u>	<u>9</u>	<u>6</u>
Net Operating Income (Loss)	(33)	(23)	(24)	(9)	7
Capital Contributions/Other	<u>54</u>	<u>16</u>	<u>16</u>	<u>8</u>	<u>-</u>
Net Increase (Decrease) in Net Position	<u>\$ 21</u>	<u>\$ (7)</u>	<u>\$ (8)</u>	<u>\$ (1)</u>	<u>\$ 7</u>

Budgetary Highlights:

Generally, the District revises its budget several times during the year. These budget amendments are a result of 1) reflecting actual beginning balances versus the amounts estimated in October; 2) accounting for changes during the year, such as the increased need for infrastructure upgrades & repairs, and; 3) any adjustments necessary to prevent budget overruns.

The actual revenues for the General Fund were \$1 million under budget, and expenditures were \$1.1 million under budget. It should be noted that the General Fund budget still includes amounts for the Hollydot golf activities, as no budget amendment was adopted subsequent to the reclassification of the golf course to an enterprise fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

In 2020, the District invested \$1.07 million in various capital assets. (See Table 5 below)

Table 5
CAPITAL ASSETS AT YEAR END (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,335	\$ 6,284	\$ 1,277	\$ 328	\$ 6,612	\$ 6,612
Buildings and Improvements	2,189	3,041	18,555	17,666	20,744	20,707
Infrastructure	423	545	2,241	1,632	2,664	2,177
Water Rights	-	-	358	358	358	358
Augmentation Plans	-	-	205	205	205	205
Machinery and Equipment	970	2,027	2,925	1,467	3,895	3,494
Construction in Progress	103	103	275	134	378	237
	<u>\$ 9,020</u>	<u>\$ 12,000</u>	<u>\$ 25,836</u>	<u>\$ 21,790</u>	<u>\$34,856</u>	<u>\$ 33,790</u>

This year's major additions include (in thousands):

Automotive/cart lift	\$ 10
Compressors (2) and housing	73
Golf carts (30)	104
Hydrants	15
Meters	387
Mowers (2)	48
Neutralization skid	56
Pipe for plant	109
Water plant filters	133
Well	46
Various other assets	85
	<u>\$ 1,066</u>

At the end of 2020, the District had \$4.0 million in outstanding debt. The anticipated debt carryover from 2020 presents long term debt commitments as follows:

Lease purchase for mowers from Wells Fargo	\$ 5,497
Lease purchase for motor grader from NBH Bank	64,491
Lease purchase for trailer-mounted hydro jetter	2,972
Lease purchase fan press	17,373
Wastewater treatment plant loan from the Colorado Water Resources And Power Development Authority	422,946
Water and Wastewater Revenue Refunding and Improvement Bonds	<u>3,526,301</u>
Total current debt commitments	<u>\$4,039,580</u>

The wastewater treatment plant loans will be paid from the sewer availability of service fees and the debt service fees over the next 14 to 16 years. The water and wastewater revenue refunding and improvement bonds will be paid from water availability of service fees and increased water usage rates. More detailed information about the District's long-term liabilities is presented in Note 10 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As required by Colorado Statutes, the District determines the property tax mill levy using prior years Denver-Boulder-Greeley Consumer Price Index (CPI) or the Colorado Office of State Planning and Budget (OSBP) projected inflation rates and the rate of local growth. The CPI for the 2020 budget is 1.951%. Other limits are placed by the Taxpayer's Bill of Rights (TABOR) and the 1982 Gallagher Amendment. TABOR reduces government growth by limiting spending, revenues, and debt. The Gallagher Amendment limits residential property tax assessment rates.

With the CPI and growth rates considered, the 2021 property taxes are expected to be \$412,994.

For 2021, the District has refinanced the water and sewer bonds at a lower interest rate to provide infrastructure capital, which is being used to make updates to the water meter system and infrastructure, as well as upgrades to the sewer plant to reduce electric consumption. Additional objectives include continuing updates to cleaning and neutralization of the treatment plant, saving on overtime salaries, and purchasing new filters to increase efficiency in processing water.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to report the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Director of Finance at Colorado City Metropolitan District, 4497 Bent Brothers Blvd., P. O. Box 20229, Colorado City, Colorado 81019.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,493,626	\$ -	\$ 1,493,626
Investments	110,140	-	110,140
Accounts receivable	10,599	493,076	503,675
Taxes receivable	412,994	-	412,994
Prepaid expenses	8,558	26,806	35,364
Internal balances	-	1,133,014	1,133,014
Inventories	380,201	739,941	1,120,142
Total Current Assets	<u>2,416,118</u>	<u>2,392,837</u>	<u>4,808,955</u>
Non Current Assets			
Restricted cash	-	475,742	475,742
Capital assets - net of depreciation	6,130,673	11,113,575	17,244,248
Total Non Current Assets	<u>6,130,673</u>	<u>11,589,317</u>	<u>17,719,990</u>
Total Assets	<u>8,546,791</u>	<u>13,982,154</u>	<u>22,528,945</u>
Liabilities			
Current Liabilities			
Accounts payable	33,897	205,465	239,362
Accrued expenses	6,835	132,798	139,633
Internal balances	1,133,014	-	1,133,014
Current maturities	17,616	205,171	222,787
Total Current Liabilities	<u>1,191,362</u>	<u>543,434</u>	<u>1,734,796</u>
Non Current Liabilities			
Long term debt	46,875	3,769,918	3,816,793
Compensated absences	10,923	41,670	52,593
Total Non Current Liabilities	<u>57,798</u>	<u>3,811,588</u>	<u>3,869,386</u>
Total Liabilities	<u>1,249,160</u>	<u>4,355,022</u>	<u>5,604,182</u>
Deferred inflows - property taxes	<u>412,994</u>	<u>-</u>	<u>412,994</u>
Net Position			
Net investment in capital assets	6,066,182	7,138,486	13,204,668
Restricted	63,679	475,742	539,421
Unrestricted	754,776	2,012,904	2,767,680
Total Net Position	<u>\$ 6,884,637</u>	<u>\$ 9,627,132</u>	<u>\$ 16,511,769</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2020

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Administration	\$ 286,160	\$ 9,997	\$ -	\$ -	\$ (276,163)	\$ -	\$ (276,163)
Recreation center	15,222	75	-	-	(15,147)	-	(15,147)
Swimming pool operations	45,548	-	-	-	(45,548)	-	(45,548)
Parks and recreation	251,408	112,163	600	132,258	(6,387)	-	(6,387)
Roads	67,890	-	-	-	(67,890)	-	(67,890)
Total Governmental Activities	666,228	122,235	600	132,258	(411,135)	-	(411,135)
Business-Type Activities							
Water fund	1,372,640	1,127,777	-	191,710	-	(53,153)	(53,153)
Sewer fund	750,182	775,834	-	199,450	-	225,102	225,102
Golf fund	431,853	497,001	-	-	-	65,148	65,148
Property management fund	33,190	-	-	-	-	(33,190)	(33,190)
Total Business-Type Activities	2,587,865	2,400,612	-	391,160	-	203,907	203,907
Total	\$ 3,254,093	\$ 2,522,847	\$ 600	\$ 523,418	(411,135)	203,907	(207,228)
General revenues -							
Taxes-							
Property taxes					408,911	-	408,911
Specific ownership taxes and other taxes					97,802	-	97,802
Gain on sale of assets					40,079	90,075	130,154
Other revenues					175,038	118,577	293,615
Unrestricted investment earnings					11,864	1,045	12,909
Transfers					-	-	-
Total General Revenues					733,694	209,697	943,391
Change in Net Position					322,559	413,604	736,163
Net Position - January 1 - Restated					6,562,078	9,213,528	15,775,606
Net Position - December 31					\$ 6,884,637	\$ 9,627,132	\$ 16,511,769

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2020

	Assets	General <u>Fund</u>	<u>Total</u>
Cash and cash equivalents		\$ 1,493,626	\$ 1,493,626
Investments		110,140	110,140
Taxes receivable		412,994	412,994
Receivable from other governments		9,672	9,672
Other receivables		927	927
Prepaid items		8,558	8,558
Inventories		<u>380,201</u>	<u>380,201</u>
	Total Assets	<u>\$ 2,416,118</u>	<u>\$ 2,416,118</u>
	Liabilities		
Accounts payable		\$ 33,897	\$ 33,897
Accrued liabilities		6,065	6,065
Due to other funds		<u>1,133,014</u>	<u>1,133,014</u>
	Total Liabilities	<u>1,172,976</u>	<u>1,172,976</u>
Deferred Inflow - property taxes		<u>412,994</u>	<u>412,994</u>
	Fund Balances		
Nonspendable			
Prepaid items		8,558	8,558
Inventories for sale		380,201	380,201
Restricted			
Tabor		19,000	19,000
Conservation trust fund		44,679	44,679
Unassigned		<u>377,710</u>	<u>377,710</u>
Total Fund Balances		<u>830,148</u>	<u>830,148</u>
	Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,416,118</u>	<u>\$ 2,416,118</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total fund balances - governmental fund	\$ 830,148
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported governmental funds.	6,130,673
Long-term liabilities for capital leases (\$64,491) and compensated absences (\$10,923), are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(75,414)
Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government wide statements since the liability is to be paid in the near term.	<u>(770)</u>
Total Net Position - Governmental Activities	<u>\$ 6,884,637</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED December 31, 2020

	General <u>Fund</u>	<u>Total</u>
Revenues		
Property taxes	\$ 408,911	\$ 408,911
Specific ownership taxes	35,439	35,439
Franchise taxes	15,008	15,008
Excise taxes	47,355	47,355
Charges for services	122,235	122,235
State sources	132,258	132,258
Investment earnings	11,864	11,864
Other	74,718	74,718
Total Revenues	<u>847,788</u>	<u>847,788</u>
Expenditures		
Current -		
Administration	280,454	280,454
Recreation center	15,206	15,206
Swimming pool operations	37,425	37,425
Parks and recreation	184,839	184,839
Roads	48,756	48,756
Capital outlay	150,580	150,580
Debt service		
Principal	17,002	17,002
Interest	2,766	2,766
Total Expenditures	<u>737,028</u>	<u>737,028</u>
Excess of Revenues Over (Under) Expenditures	110,760	110,760
Other Financing Sources		
Transfers in (out)	<u>-</u>	<u>-</u>
Net Change in Fund Balance	110,760	110,760
Fund Balance - January 1 - Restated	<u>719,388</u>	<u>719,388</u>
Fund Balance - December 31	<u>\$ 830,148</u>	<u>\$ 830,148</u>

The accompanying notes are an integral part of this statement.

**COLORADO CITY METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2020**

Net change in fund balance - governmental fund	\$ 110,760
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$150,580) exceeded depreciation expense (\$95,602).	54,978
Principal retirements - retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government wide statements show these reductions against the long-term liabilities.	158,001
Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized.	259
In the government-wide statements, accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absences is recognized.	<u>(1,439)</u>
Total Change in Net Position - Governmental Activities	<u>\$ 322,559</u>

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business-Type Activities				
	Enterprise Funds				
	Water Fund	Sewer Fund	Golf Fund	Property Mgmt Fund	Total
<u>Assets</u>					
Current Assets					
Accounts receivable, net	\$ 279,067	\$ 214,009	\$ -	\$ -	\$ 493,076
Due from other funds	477,218	406,912	114,182	134,702	1,133,014
Prepaid expenses	12,991	10,254	3,561	-	26,806
Inventories	222,967	1,698	13,773	501,503	739,941
Total Current Assets	992,243	632,873	131,516	636,205	2,392,837
Noncurrent Assets					
Capital assets - net of depreciation	6,475,747	3,396,414	1,241,414	-	11,113,575
Restricted cash	404,377	71,365	-	-	475,742
Total Noncurrent Assets	6,880,124	3,467,779	1,241,414	-	11,589,317
Total Assets	7,872,367	4,100,652	1,372,930	636,205	13,982,154
<u>Liabilities and Net Position</u>					
Current Liabilities					
Accounts payable and accrued expenses	272,712	47,297	18,254	-	338,263
Unearned revenue	-	-	-	-	-
Notes payable	68,390	131,284	5,497	-	205,171
Total Current Liabilities	341,102	178,581	23,751	-	543,434
Noncurrent Liabilities					
Notes payable	2,928,966	840,952	-	-	3,769,918
Accrued compensated absences	21,849	14,579	5,242	-	41,670
Total Noncurrent Liabilities	2,950,815	855,531	5,242	-	3,811,588
Total Liabilities	3,291,917	1,034,112	28,993	-	4,355,022
Net Position					
Net investment in capital assets	3,478,391	2,424,178	1,235,917	-	7,138,486
Restricted	404,377	71,365	-	-	475,742
Unrestricted	697,682	570,997	108,020	636,205	2,012,904
Total Net Position	\$ 4,580,450	\$ 3,066,540	\$ 1,343,937	\$ 636,205	\$ 9,627,132

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED December 31, 2020

Business-Type Activities					
Enterprise Funds					
	Water Fund	Sewer Fund	Golf Fund	Property Mgmt Fund	Total
Operating Revenues					
Charges for services	\$ 1,039,627	\$ 730,834	\$ 497,001	\$ -	\$ 2,267,462
Tap connection fees	88,150	45,000	-	-	133,150
Lease revenue	55,125	-	13,200	-	68,325
Other	31,664	904	53,259	54,500	140,327
Total Operating Revenues	<u>1,214,566</u>	<u>776,738</u>	<u>563,460</u>	<u>54,500</u>	<u>2,609,264</u>
Operating Expenses					
Salaries	284,542	195,713	198,731	-	678,986
Compensated absences	1,232	513	-	-	1,745
Payroll taxes	19,807	15,281	15,501	-	50,589
Pension and benefits	91,178	63,195	26,398	-	180,771
Cost of sales	-	-	-	33,190	33,190
Advertising	452	22	1,422	-	1,896
Bad debt expense	17,214	8,419	-	-	25,633
Bank fees and other penalties	1,724	3,925	10,940	-	16,589
Bond expense	48,875	12,147	-	-	61,022
Outside services	66,312	52,803	7,009	-	126,124
Taxes and licenses	1,337	2,825	-	-	4,162
Professional fees - legal	13,549	5,834	-	-	19,383
Insurance	28,069	19,316	12,221	-	59,606
Operating parts, materials and supplies	109,990	50,585	56,312	-	216,887
Rental expense	5,500	6,500	-	-	12,000
Repairs and maintenance	18,431	14,899	10,782	-	44,112
Utilities	185,336	55,182	61,740	-	302,258
Depreciation	379,301	197,849	30,223	-	607,373
Total Operating Expenses	<u>1,272,849</u>	<u>705,008</u>	<u>431,279</u>	<u>33,190</u>	<u>2,442,326</u>
Operating Income (Loss)	<u>(58,283)</u>	<u>71,730</u>	<u>132,181</u>	<u>21,310</u>	<u>166,938</u>
Nonoperating Revenues (Expenses)					
Interest income	667	378	-	-	1,045
Interest expense	(99,791)	(45,174)	(574)	-	(145,539)
Transfers	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(99,124)</u>	<u>(44,796)</u>	<u>(574)</u>	<u>-</u>	<u>(144,494)</u>
Income (Loss) Before Contributions	<u>(157,407)</u>	<u>26,934</u>	<u>131,607</u>	<u>21,310</u>	<u>22,444</u>
Capital contributions	<u>191,710</u>	<u>199,450</u>	<u>-</u>	<u>-</u>	<u>391,160</u>
Changes in Net Position	<u>34,303</u>	<u>226,384</u>	<u>131,607</u>	<u>21,310</u>	<u>413,604</u>
Total Net Position - January 1 - Restated	<u>4,546,147</u>	<u>2,840,156</u>	<u>1,212,330</u>	<u>614,895</u>	<u>9,213,528</u>
Total Net Position - December 31	<u>\$ 4,580,450</u>	<u>\$ 3,066,540</u>	<u>\$ 1,343,937</u>	<u>\$ 636,205</u>	<u>\$ 9,627,132</u>

The accompanying notes are an integral part of this statement.

COLORADO CITY METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED December 31, 2020

	Business-Type Activities				
	Enterprise Funds				
	Water Fund	Sewer Fund	Golf Fund	Property Mgmt Fund	Total
Cash Flows from Operating Activities					
Cash received from customers	\$ 1,176,105	\$ 761,582	\$ 527,885	\$ 54,500	\$ 2,520,072
Cash paid for goods and services	(702,398)	(536,420)	(276,867)	(54,500)	(1,570,185)
Cash paid to employees	(390,664)	(271,087)	(244,234)	-	(905,985)
Net Cash Provided by Operating Activities	<u>83,043</u>	<u>(45,925)</u>	<u>6,784</u>	<u>-</u>	<u>43,902</u>
Cash Flows From Capital and Related Financing Activities					
Capital contributions received	191,710	199,450	-	-	391,160
Acquisition of capital assets	(839,155)	(20,236)	-	-	(859,391)
Advances on notes payable	2,997,356	528,945	-	-	3,526,301
Principal paid on notes payable	(2,171,750)	(588,836)	(6,236)	-	(2,766,822)
Interest and fees paid on notes payable	(99,791)	(45,174)	(548)	-	(145,513)
Transfers from general fund	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>78,370</u>	<u>74,149</u>	<u>(6,784)</u>	<u>-</u>	<u>145,735</u>
Cash Flows From Investing Activities					
Interest income	667	378	-	-	1,045
Net Increase (Decrease) in Cash and Cash Equivalents	162,080	28,602	-	-	190,682
Cash and Cash Equivalents - January 1	<u>242,297</u>	<u>42,763</u>	<u>-</u>	<u>-</u>	<u>285,060</u>
Cash and Cash Equivalents - December 31	<u>\$ 404,377</u>	<u>\$ 71,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,742</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (58,283)	\$ 71,730	\$ 132,181	\$ 21,310	34,757
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	379,301	197,849	30,223	-	577,150
Gain on sale of assets	-	-	(35,575)	-	-
Bad debt expense	17,214	8,419	-	-	25,633
Change in assets and liabilities -					
Accounts receivable	(33,867)	(15,156)	-	-	(49,023)
Due from other funds	(315,807)	(330,986)	(114,182)	(54,500)	(701,293)
Inventories	(117,134)	(218)	(10,088)	33,190	(84,162)
Prepaid expenses	61	(810)	18	-	(749)
Accounts payable and accrued expenses	210,057	19,632	7,811	-	229,689
Deferred revenue	(4,594)	-	-	-	(4,594)
Accrued compensated absences	6,095	3,615	(3,604)	-	9,710
Due to other funds	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 83,043</u>	<u>\$ (45,925)</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ 37,118</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
COLORADO CITY METROPOLITAN DISTRICT
December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The Colorado City Metropolitan District (the District) operates as a special district under the laws of the State of Colorado and is governed by an elected five-member board of directors. The District provides the following services as allowed by special districts: roads, parks and recreation, and water and sewer sanitation services.

A. Financial Reporting Entity

As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the District (the primary government) and includes, if applicable, component units in its financial statements based upon financial accountability. Since no component unit meets the criteria for inclusion, no component unit financial statements have been included.

B. Government-wide Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities reflect both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods and services offered by the program. Grants and contributions that are restricted to meeting the operational and capital requirements of a particular program are included in operating grants and contributions, or capital grants and contributions. Revenues, which are not classified as program revenues, are presented as general revenues of the District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Separate fund financial statements are provided for the governmental fund and proprietary funds. The major individual governmental fund and major individual enterprise funds are reported in separate columns in the fund financial statements.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for the which they are levied, while grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the District considers revenues to be available if collected within 60 days from the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, franchise taxes, excise taxes, interest and charges for services are considered revenues susceptible to accrual. Specific ownership taxes collected and held by the County of Pueblo at year end on behalf of the District are also recognized as revenue. Contributions and miscellaneous revenues are recorded as revenues when received in cash because they are not generally measurable until received at the time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used for guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met, including the availability criteria. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Business-type activities and all proprietary funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operation. The principal operating revenues of the District's water utility and sewer utility funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major government funds:

The general fund is the primary operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources that are not accounted for in other funds. Major revenue sources include property taxes, specific ownership taxes, franchise taxes, excise taxes, charges for services, intergovernmental revenues, and investment revenues. Primary expenditures include general administration, recreation center, swimming pool operations, parks and recreation, lottery, and roads.

The District reports the following major proprietary funds:

Water Fund - The water fund is used to account for the operations of the District's water services.

Sewer Fund - The sewer fund is used to account for the operations of the District's sewer sanitation services.

Golf Fund - The golf fund is used to account for the operations of the District's golf course related activities.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property Management Fund - The property management fund is used to account for property contributed by taxpayers or purchased since December 2005.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is the charges for services from the enterprise funds to the general fund.

D. Assets and Liabilities

1. Deposits and Investments

The District considers cash and cash equivalents to be cash on hand and interest and non-interest bearing demand deposits.

For the purposes of the statement of cash flows the District considers cash and cash equivalents to be cash on hand, demand deposits and all highly liquid investments with original maturities of three months or less so as to minimize the risk of value changes.

2. Property Taxes

Property taxes are assessed on property located within the District's boundaries in accordance with Colorado law. The taxes are assessed, allocated and collected by the Pueblo County Treasurer. Taxes assessed in the current year are generally collected in the following year and thus, the property tax receivable is offset by deferred inflows of resources.

3. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statement, these receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position.

4. Inventories and Prepaid Items

Inventories in the water, sewer and golf funds consist of supplies held for consumption. Consumable supply inventories are reported at the lower of cost or fair value and cost is determined using the first-in, first-out method. Inventories in the general and property management funds consist of real estate held for resale. Land held for resale is reported at the lower of cost or fair value, fair value determined as estimated net realizable value.

Prepaid items/expenses represent payments made for expenditures/expenses to be charged to a future accounting period.

5. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, infrastructure and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and a useful life of more than one year.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

5. Capital Assets (Continued)

If proprietary fund assets are constructed, net interest expense is capitalized as part of the cost of the asset. No interest expense was capitalized in 2020.

All reported capital assets are depreciated, except for land and land improvements. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, systems and improvements	7 - 40 years
Infrastructure	20 - 40 years
Equipment	3 - 20 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item: property taxes. This item is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Vacation benefits generally vest after one year of service and sick pay vests after 10 years of continued service. It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate these benefits up to predetermined maximums and are compensated for these accumulated benefits either through paid time off or at termination or retirement.

Accumulated vacation and sick leave are accrued when earned in the government-wide and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured and are expected to be liquidated with expendable available financial resources.

8. Long-term Obligations

In the government-wide financial statements and the fund financial statements for the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the governmental fund financial statements, debt premium and discounts, as well as debt issue costs, are recognized during the current period. The face amount of the debt issue, along with the related discount or premium, if any, is reported as other financing sources while debt issue costs are reported as debt service expenditures.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by the Board of Directors in accordance with Colorado State Budget Act. The budget is prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Budgets are established for all funds. Formal budgetary accounting is employed as a management control device during the year to monitor the individual departments. The fund level is the level of classification at which expenditures may not legally exceed appropriations. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within the general fund rests with the district manager or department heads. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors. All annual appropriations lapse at year end. The District does not recognize encumbrances.

B. Expenditures in Excess of Budget Amounts

During 2020, three proprietary funds had expenditures which exceeded budgeted amounts. The District budgeted for golf activities as part of the General Fund but did not adopt a separate budget for the golf enterprise fund. These circumstances may constitute a violation of Colorado Local Government Budget Law.

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Water Fund	\$ 3,862,536	\$ 2,009,622	\$ (1,852,914)
Sewer Fund	\$ 1,161,405	\$ 883,465	\$ (277,940)
Golf Fund	\$ 462,500	\$ -	\$ (462,500)

C. Tax, Spending, and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine its compliance.

D. Commitments and Contingencies

The bond resolution for the 2020 Water & Wastewater Enterprise Revenue Refunding and Improvement Bonds discussed in Note 10 contains a reserve requirement whereby the District is obligated to establish cash reserve fund equal to the highest annual combined principal and interest payment due on the bond, which is the 2040 payment of \$261,404.

Note 3 - Cash Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. As of December 31, 2020, the District had deposits over \$250,000 in the amount of \$1,713,424. These deposits are required to be collateralized under State Statutes.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 3 - Cash Deposits and Investments

Deposits (Continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year-end follows:

<u>Cash and Deposits</u>	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
Deposits:			
Cash on hand	\$ 300	\$ 300	\$ -
Cash on deposit with County Treasurer	4,644	4,644	-
Demand deposits	1,964,424	1,964,424	-
Investments:			
Colorado Surplus Asset Fund Trust (CSAFE)	110,140	110,140	-
Total	<u>\$ 2,079,508</u>	<u>\$ 2,079,508</u>	<u>\$ -</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

Interest Rate Risk - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

Credit Risk - The District does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes.

Note 4 - Receivables

Accounts receivable at December 31, 2020 consist of the following

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total</u>
		<u>Water Fund</u>	<u>Sewer Fund</u>	
Excise tax receivable	\$ 9,672	\$ -	\$ -	\$ 9,672
Other receivable	927	-	-	927
Trade receivables	-	407,624	308,431	716,055
Less: Allowance for doubtful accounts	-	(128,557)	(94,422)	(222,979)
Total Receivables	<u>\$ 10,599</u>	<u>\$ 279,067</u>	<u>\$ 214,009</u>	<u>\$ 503,675</u>

NOTES TO FINANCIAL STATEMENTS (Continued)**COLORADO CITY METROPOLITAN DISTRICT**

December 31, 2020

Note 5 - Interfund Transactions**Due to/from Other funds:**

The District reports interfund balances between some of its funds. Balances result from the time lag between the dates when interfund goods or services are provided, transactions are recorded in the accounting system and the payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

The following interfund receivables and payables are included in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 1,133,014
Proprietary Funds		
Water Fund	477,218	-
Sewer Fund	406,912	-
Golf Fund	114,182	-
Property management fund	134,702	-
Totals	<u>\$ 1,133,014</u>	<u>\$ 1,133,014</u>

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Balances January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances December 31</u>
Governmental Activities				
Non Depreciable Assets				
Land	\$ 5,334,893	\$ -	\$ -	\$ 5,334,893
Assets in progress	103,235	-	-	103,235
Total Non Depreciable Assets	<u>5,438,128</u>	<u>-</u>	<u>-</u>	<u>5,438,128</u>
Depreciable Assets				
Buildings and improvements	2,179,755	9,212	-	2,188,967
Machinery and equipment	945,753	23,912	-	969,665
Infrastructure	422,790	-	-	422,790
Total Depreciable Assets	<u>3,548,298</u>	<u>33,124</u>	<u>-</u>	<u>3,581,422</u>
Less Accumulated Depreciation				
Buildings and improvements	1,666,574	70,855	-	1,737,429
Machinery and equipment	748,923	21,963	-	770,886
Infrastructure	377,778	2,784	-	380,562
Total Accumulated Depreciation	<u>2,793,275</u>	<u>95,602</u>	<u>-</u>	<u>2,888,877</u>
Total Capital Assets, Net	<u>\$ 6,193,151</u>	<u>\$ (62,478)</u>	<u>\$ -</u>	<u>\$ 6,130,673</u>

NOTES TO FINANCIAL STATEMENTS (Continued)**COLORADO CITY METROPOLITAN DISTRICT**

December 31, 2020

Note 6 - Capital Assets (Continued)

Proprietary Funds	Balances January 1	Additions	Deletions	Balances December 31
Non Depreciable Assets				
Land	\$ 1,276,384	\$ -	\$ -	\$ 1,276,384
Water rights	358,407	-	-	358,407
Assets in progress	133,550	141,708	-	275,258
Total Non Depreciable Assets	<u>1,768,341</u>	<u>141,708</u>	<u>-</u>	<u>1,910,049</u>
Depreciable Assets				
Buildings and improvements	18,528,142	27,258	-	18,555,400
Machinery and equipment	2,548,915	376,375	-	2,925,290
Augmentation plans	204,707	-	-	204,707
Infrastructure	1,753,389	487,883	-	2,241,272
Total Depreciable Assets	<u>23,035,153</u>	<u>891,516</u>	<u>-</u>	<u>23,926,669</u>
Less Accumulated Depreciation				
Buildings and improvements	11,055,296	409,162	-	11,464,458
Machinery and equipment	1,860,879	119,481	-	1,980,360
Augmentation plans	204,707	-	-	204,707
Infrastructure	994,888	78,730	-	1,073,618
Total Accumulated Depreciation	<u>14,115,770</u>	<u>607,373</u>	<u>-</u>	<u>14,723,143</u>
Total Capital Assets, Net	<u>\$ 10,687,724</u>	<u>\$ 425,851</u>	<u>\$ -</u>	<u>\$ 11,113,575</u>

Depreciation expense was charged to the following functions/programs of the primary government as follows:

Governmental Activities:

Administration	\$ 4,677
Parks and recreation	66,302
Swimming pool	8,042
Roads	16,581

Total - Governmental Activities \$ 95,602

Proprietary Funds:

Water Fund	\$ 379,301
Sewer Fund	197,849
Golf Fund	30,223

Total Proprietary Funds \$ 607,373

At December 31, 2020, the District's general fund had one project in progress related to the master plan for the trail system for the Greenhorn Valley floor through the metro district as well as surrounding Lake Beckwith. The water fund had five construction projects in progress. The first project consists of engineering and related costs (\$71,383) for the construction of Reservoir #2. The second project consists of engineering and related costs (\$36,058) for the reconstruction of the Hicklin diversion gate. The third project consists of engineering and related costs (\$26,109) for the Lake Beckwith dam outlet works. The fourth project consists of related costs (\$56,295) for a neutralization skid and parallel circuitry. The fifth project consists of the purchase and related costs (\$85,413) for the third phase of the District-wide water meter replacement process. No estimate of cost to complete or time for completion for these projects is presently known.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 7 - Risk Management

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. Risk of loss from torts, errors and omissions, and property and casualty are covered by the District's participation in the Colorado Special Districts Property and Liability Pool which is a separate and independent governmental public entity risk pool formed through an intergovernmental agreement by member special districts to provide defined liability and property coverage. The membership agreement provides that the pool be self sustaining through member premiums and reinsure with commercial companies for claims in excess of \$300,000. For general, auto and public official's liability coverage, the pool is self-insured for the first \$600,000 per occurrence.

The District purchases workers' compensation coverage through the Colorado Special Districts Association Workers Compensation Pool which is a separate and independent governmental public entity risk pool formed through an intergovernmental agreement by member special districts to provide defined workers' compensation coverage. The membership agreement provides that the pool be self-sustaining through member premiums and reinsure with commercial companies for claims in excess of \$500,000.

Employee health claims are covered by commercial insurance. The District's share of the cost is charged to each general fund department or fund, as applicable.

In addition, settlement claims for each of the last three years did not exceed insurance coverage amounts in areas where commercial insurance is used to cover the risk of loss.

Note 8 - Employee Benefits

The District maintains a money-purchase, defined contribution plan covering substantially all employees. The plan is titled "The Colorado City Metro District Money Purchase Pension Plan & Trust" and was established under Internal Revenue Code Section 414(h) as amended. The District has retained a third-party administrator to administer the plan and employees become eligible participants three months after their employment date. Each employee must contribute at least 3% of compensation and the District is required to contribute 6% of each eligible participant's compensation. Compensation is defined as W-2 compensation less bonuses and overtime. During 2020 employees contributed \$17,730 to the plan and the Districts' required contribution to the plan was \$35,461.

Note 9 - Deferred Compensation Plan

In conjunction with the above described plan, the District also maintains an Internal Revenue Code Section 457 plan which provides for employee contributions only. During the year ended December 31, 2020, the employees contributed \$8,850 to the plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 10 - Long-Term Debt

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2020:

	Debt Outstanding January 1	Additions of New Debt	Retirements and Repayments	Debt Outstanding December 31	Due Within One Year
Governmental activities:					
Capital leases	\$ 81,493	\$ -	\$ 17,002	\$ 64,491	\$ 17,616
Compensated absences	9,484	1,439	-	10,923	-
Mine reclamation costs	140,999	-	140,999	-	-
Totals	\$ 231,976	\$ 1,439	\$ 158,001	\$ 75,414	\$ 17,616

Proprietary Funds:

Bonds payable:

Water Fund	\$ 2,171,750	\$ 2,997,356	\$ 2,171,750	\$ 2,997,356	\$ 68,390
Sewer Fund	383,250	528,945	383,250	528,945	12,069
Notes payable:					
Sewer Fund	516,323	-	93,377	422,946	98,870
Capital leases					
Sewer Fund	132,554	-	112,209	20,345	20,345
Golf Fund	11,733	-	6,236	5,497	5,497
Compensated absences	37,453	4,217	-	41,670	-
Totals	\$ 3,253,063	\$ 3,530,518	\$ 2,766,822	\$ 4,016,759	\$ 205,171

The retirement of the mine reclamation debt was not paid with District monies. The retirement of this debt is included in other revenues for governmental activities on the government-wide statement of activities.

Debt outstanding as of December 31, 2020, consisted of the following:

Governmental Activities

Capital Lease - NBH Bank

One motor grader, \$9,884.45 per month for sixty months, with an effective interest rate of 3.58%.

	\$ 64,491
Total - Governmental Activities	<u>\$ 64,491</u>

Proprietary Funds

Bonds Payable

\$3,526,301 Water and Wastewater Revenue Refunding and Improvement Bonds - Series 2020, interest rate of 3.39% per annum, interest and principal due in annual installments starting in February 2021 ranging from \$200,000 to \$261,404 through February 2040, collateralized by service revenues of the water and sewer funds, debt serviced 85% by the water fund and 15% by the sewer fund.

\$ 3,526,301

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 10 - Long-Term Debt (Continued)

Proprietary Funds (Continued)

Notes payable

\$1,878,538 note payable to Colorado Water Resources and Power Development Authority, interest rate of 3.26%, due in semi-annual installments including interest ranging from \$46,783 to \$58,578 through August 2024, collateralized by service revenues of the sewer fund.

422,946

Capital Lease - Wells Fargo Bank

Two mowers, \$565.29 per month for forty-eight months, with an effective interest rate of 6.15%.

5,497

Capital Lease - Western Equipment

Trailer mounted hot water hydro jetter, \$998.70 per month for thirty six months, with an effective interest rate of 4.955%

2,972

Capital Lease - Leaf Capital Funding LLC

Rotary fan press with Jensen trailer, \$10,627 per month for three months, then \$8,752 for twenty one months with an effective interest rate of 5.993%.

17,373

Total - Proprietary Funds \$ 3,975,089

The assets acquired through capital leases total \$348,383 less accumulated depreciation of \$59,613. These assets are used in governmental activities and proprietary funds.

Future minimum lease payments for the capital leases related to governmental activities are as follows:

Year Ending December 31

2021	\$ 19,769
2022	19,769
2023	19,769
2024	<u>9,884</u>
Minimum lease payments for all capital leases	69,191
Less: imputed interest	<u>4,700</u>
Present Value of Minimum Lease Payments	<u><u>\$ 64,491</u></u>

The annual requirements to retire proprietary funds long-term debt as of December 31, 2020 are as follows:

<u>Year Ending December 31</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 80,459	\$ 119,541	\$ 200,000
2022	83,186	116,814	200,000
2023	86,006	113,994	200,000
2024	88,922	111,078	200,000
2025	153,340	108,064	261,404
2026 - 2030	848,290	458,731	1,307,021
2031 - 2035	1,002,159	304,862	1,307,021
2036 - 2040	<u>1,183,939</u>	<u>123,082</u>	<u>1,307,021</u>
	<u><u>\$ 3,526,301</u></u>	<u><u>\$ 1,456,166</u></u>	<u><u>\$ 4,982,467</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)**COLORADO CITY METROPOLITAN DISTRICT**

December 31, 2020

Note 10 - Long-Term Debt (Continued)

<u>Year Ending December 31</u>	<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 98,870	\$ 7,576	\$ 106,446
2022	98,871	4,576	103,447
2023	109,856	3,650	113,506
2024	115,349	-	115,349
	<u>\$ 422,946</u>	<u>\$ 15,802</u>	<u>\$ 438,748</u>

<u>Year Ending December 31</u>	<u>Capital Leases</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 25,842	\$ 311	\$ 26,153
	<u>\$ 25,842</u>	<u>\$ 311</u>	<u>\$ 26,153</u>

<u>Year Ending December 31</u>	<u>Total - Proprietary Funds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 205,171	\$ 127,428	\$ 332,599
2022	182,057	121,390	303,447
2023	195,862	117,644	313,506
2024	204,271	111,078	315,349
2025	153,340	108,064	261,404
2026 - 2030	848,290	458,731	1,307,021
2031 - 2035	1,002,159	304,862	1,307,021
2036 - 2040	1,183,939	123,082	1,307,021
	<u>\$ 3,975,089</u>	<u>\$ 1,472,279</u>	<u>\$ 5,447,368</u>

Note 11 - Fund Balances**Government-wide Net Position:**

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of net position that is restricted by the District's creditors (for example, through debt covenants), by state enabling legislation (through restricts on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

The District presents fund balances in clearly defined categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 11 - Fund Balances (Continued)

- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for a specific purpose according to limitations imposed by the District's highest level of decision making authority, Board of Directors, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose.
- *Unassigned fund balance* - The residual portion of fund balance for the general fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is the District's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed through constitutional provisions or enabling legislation. Restricted net position is as follows:

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Tabor / emergencies	\$ 19,000	\$ -
Conservation trust fund	44,679	-
Debt Service	-	475,742
Total Restricted	<u>\$ 63,679</u>	<u>\$ 475,742</u>

Note 12 - Subsequent Events

Subsequent events were evaluated through September 28, 2021, which is the date the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As a result, economic uncertainties have arisen which are likely to negatively impact operations or carrying value of assets. Other financial implications may result and such potential impact is unknown at this time.

NOTES TO FINANCIAL STATEMENTS (Continued)

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

Note 13 - Reclassification of Golf Activities to Enterprise Fund

Per a resolution passed by the Board of Directors, effective January 1, 2020 the activities of Hollydot golf course were reclassified from governmental activities to an enterprise fund. This required an adjustment to the January 1 fund balance in the governmental fund on the Statement of Revenues, Expenditures and Changes in Fund Balances. The effects of this adjustment are as follows:

Changes to January 1 Fund Balance - Governmental Fund

Ending Fund Balance at December 31, 2019 per 2019 Audit	\$ 731,716
Inventory reclassified to Golf Enterprise Fund	(13,773)
Prepaid expenses reclassified to Golf Enterprise Fund	(3,561)
Amounts due to other funds added to Golf Enterprise Fund	(114,182)
Payables and accrued expenses reclassified to Golf Enterprise Fund	18,228
Net (profit) loss attributable to Golf Enterprise Fund	100,960
January 1 Fund Balance - Governmental Fund - Restated	<u>\$ 719,388</u>

The resolution also required adjustments to the January 1 net positions of the governmental and business-type activities on the government-wide Statement of Activities. The effects of those adjustments are as follows:

Changes to January 1 Net Position - Government-Wide

	Governmental	Business-Type
Ending Net Position at December 31, 2019 per 2019 Audit	\$ 7,774,408	\$ 8,001,198
Inventory reclassified to Golf Enterprise Fund	(13,773)	13,773
Prepaid expenses reclassified to Golf Enterprise Fund	(3,561)	3,561
Amounts due to other funds added to Golf Enterprise Fund	(114,182)	114,182
Capital assets net of depreciation to Golf Enterprise Fund	(1,241,414)	1,241,414
Payables and accrued expenses to Golf Enterprise Fund	18,254	(18,254)
Notes payable reclassified to Golf Enterprise Fund	5,497	(5,497)
Accrued compensated absences to Golf Enterprise Fund	5,242	(5,242)
Government-wide net (profit) loss to Golf Enterprise Fund	131,607	(131,607)
January 1 Net Position - Government-Wide - Restated	<u>\$ 6,562,078</u>	<u>\$ 9,213,528</u>

REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO CITY METROPOLITAN DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Expenditures</u>	
Revenues				
Taxes	\$ 468,555	\$ 488,832	\$ 506,713	\$ 17,881
Charges for services	508,200	605,068	122,235	(482,833)
State sources	550,000	550,000	132,258	(417,742)
Investment revenue	4,500	4,500	11,864	7,364
Other	201,850	226,766	74,718	(152,048)
Total Revenues	<u>1,733,105</u>	<u>1,875,166</u>	<u>847,788</u>	<u>(1,027,378)</u>
Expenditures				
Current -				
Administration	269,755	311,698	280,454	31,244
Recreation center	16,774	16,774	15,206	1,568
Swimming pool operations	76,921	76,921	37,425	39,496
Parks and recreation	151,118	173,728	184,839	(11,111)
Golf course	389,416	463,674	-	463,674
Roads	63,514	66,764	48,756	18,008
Debt service				
Principal	26,569	26,569	17,002	9,567
Interest	-	-	2,766	(2,766)
Capital outlay	731,943	731,943	150,580	581,363
Total Expenditures	<u>1,726,010</u>	<u>1,868,071</u>	<u>737,028</u>	<u>1,131,043</u>
Excess of Revenues Over (Under) Expenditures	<u>7,095</u>	<u>7,095</u>	<u>110,760</u>	<u>103,665</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	7,095	7,095	110,760	103,665
Fund Balance - January 1 - Restated	<u>(230,179)</u>	<u>(230,179)</u>	<u>719,388</u>	<u>949,567</u>
Fund Balance - December 31	<u>\$ (223,084)</u>	<u>\$ (223,084)</u>	<u>\$ 830,148</u>	<u>\$ 1,053,232</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

COLORADO CITY METROPOLITAN DISTRICT

December 31, 2020

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

Prior to October 15, the district manager submits a proposed budget to the Board of Directors for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The District adopts budgets for all funds, and all funds, including proprietary funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within the general fund rests with the district manager or department heads. The Board of Directors may amend the original adopted budget during the year by passing a new resolution to reflected current needs.

The legal level of budgetary control for all funds is at the total fund level. This is to say, total expenditures in each fund cannot legally exceed appropriations for that fund.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year. Therefore, encumbrances are not presented as a reservation of fund balance and the District appropriates funds in the subsequent year to honor these commitments.

OTHER SUPPLEMENTARY INFORMATION

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Budgetary</u> <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources				
Charges for services	\$ 1,070,000	\$ 1,285,122	\$ 1,351,151	\$ 66,029
Other	<u>801,500</u>	<u>801,500</u>	<u>3,053,148</u>	<u>2,251,648</u>
Total Revenues and Other				
Financing Sources	<u>1,871,500</u>	<u>2,086,622</u>	<u>4,404,299</u>	<u>2,317,677</u>
Expenditures				
Personnel costs	388,512	388,512	396,759	(8,247)
Operating and maintenance	536,500	674,622	496,789	177,833
Capital outlay/projects	809,000	809,000	697,447	111,553
Debt service	<u>137,488</u>	<u>137,488</u>	<u>2,271,541</u>	<u>(2,134,053)</u>
Total Expenditures	<u>1,871,500</u>	<u>2,009,622</u>	<u>3,862,536</u>	<u>(1,852,914)</u>
Net Change in Net Position	<u>\$ -</u>	<u>\$ 77,000</u>	<u>\$ 541,763</u>	<u>\$ 464,763</u>
Revenues on GAAP Basis			\$ 1,406,943	
Proceeds from bond refinance			<u>2,997,356</u>	
Revenues on Budgetary Basis			<u>\$ 4,404,299</u>	
Expenditures on GAAP Basis			\$ 1,372,640	
Depreciation			(379,301)	
Capital expenditures			697,447	
Principal paid on debt			<u>2,171,750</u>	
Expenditures on Budgetary Basis			<u>\$ 3,862,536</u>	

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
SEWER FUND
YEAR ENDED December 31, 2020

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Budgetary	Final Budget
			Basis	Positive
				<u>(Negative)</u>
Revenues and Other Financing Sources				
Charges for services	\$ 825,000	\$ 909,050	\$ 975,283	\$ 66,233
Other	<u>19,200</u>	<u>19,200</u>	<u>530,228</u>	<u>511,028</u>
Total Revenues and Other				
Financing Sources	<u>844,200</u>	<u>928,250</u>	<u>1,505,511</u>	<u>577,261</u>
Expenditures				
Personnel costs	289,228	289,228	274,702	14,526
Operating and maintenance	216,700	284,750	232,457	52,293
Capital outlay	54,000	54,000	20,236	33,764
Debt service	<u>255,487</u>	<u>255,487</u>	<u>634,010</u>	<u>(378,523)</u>
Total Expenditures	<u>815,415</u>	<u>883,465</u>	<u>1,161,405</u>	<u>(277,940)</u>
Net Change in Net Position	<u>\$ 28,785</u>	<u>\$ 44,785</u>	<u>\$ 344,106</u>	<u>\$ 299,321</u>
Revenues on GAAP Basis			\$ 976,566	
Proceeds from bond refinance			<u>528,945</u>	
Revenues on Budgetary Basis			<u>\$ 1,505,511</u>	
Expenditures on GAAP Basis			\$ 750,182	
Depreciation			(197,849)	
Capital expenditures			20,236	
Principal paid on debt			<u>588,836</u>	
Expenditures on Budgetary Basis			<u>\$ 1,161,405</u>	

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
GOLF FUND
YEAR ENDED December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues and Other Financing Sources				
Charges for services	\$ -	\$ -	\$ 497,001	\$ 497,001
Other	-	-	66,459	66,459
Total Revenues and Other				
Financing Sources	-	-	563,460	563,460
Expenditures				
Personnel costs	-	-	240,630	(240,630)
Operating and maintenance	-	-	160,426	(160,426)
Capital outlay	-	-	56,377	(56,377)
Debt service	-	-	6,810	(6,810)
Total Expenditures	-	-	464,243	(464,243)
Net Change in Net Position	\$ -	\$ -	\$ 99,217	\$ 99,217
Revenues on GAAP Basis			\$ 563,460	
No modifications to budgetary basis			-	
Revenues on Budgetary Basis			\$ 563,460	
Expenditures on GAAP Basis			\$ 431,853	
Depreciation			(30,223)	
Capital expenditures			56,377	
Principal paid on debt			6,236	
Expenditures on Budgetary Basis			\$ 464,243	

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
PROPERTY MANAGEMENT FUND
YEAR ENDED December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Budgetary</u> <u>Basis</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Gain on assets sold	\$ -	\$ 54,500	\$ 54,500	\$ -
Expenditures				
Operating and maintenance	-	54,500	33,190	21,310
Net Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,310</u>	<u>\$ 21,310</u>

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND ASSETS AND FUND BALANCE
December 31, 2020

Assets

Cash and cash equivalents	\$ 44,679
Total Assets	<u>\$ 44,679</u>

Fund Balance

Restricted	
Parks, recreation and conservation projects	\$ 44,679
Total Fund Balance	<u>\$ 44,679</u>

COLORADO CITY METROPOLITAN DISTRICT
SCHEDULE OF CONSERVATION TRUST FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED December 31, 2020

Revenues

Intergovernmental	\$ 132,258
Investment earnings	11
Total Revenues	<u>132,269</u>

Expenditures

Current-	
Parks, recreation and conservation projects	147,247
Total Expenditures	<u>147,247</u>

Net Change in Fund Balance (14,978)

Fund Balance - January 1 59,657

Fund Balance - December 31 \$ 44,679