



Battlement Mesa Metropolitan District
SERVING THE COMMUNITY



Financial Report
December 31, 2020

**Battlement Mesa Metropolitan District
Financial Report
December 31, 2020**

Table of Contents

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management’s Discussion and Analysis	B1 – B5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Fund – Conservation Trust Fund	C3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Conservation Trust Fund	C4
Statement of Net Position – All Proprietary Funds	C5
Statement of Revenues, Expenses and Changes in Fund Net Position – All Proprietary Funds	C6
Statement of Cash Flows – All Proprietary Funds	C7
Notes to the Financial Statements	D1 – D13
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP basis) and Actual – Conservation Trust Fund	E1
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis:	
Water and Sewer Fund	F1
Public Works Fund	F2



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Battlement Mesa Metropolitan District
Battlement Mesa, Colorado**

Report on the Financial Statements

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

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 of 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 entity'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, and each major fund of the Battlement Mesa 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
Board of Directors
Battlement Mesa Metropolitan District
Battlement Mesa, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons found in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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 financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
September 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Battlement Mesa Metropolitan District

Management's Discussion and Analysis
December 31, 2020

As management of the Battlement Mesa Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected receivables).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the District is culture and recreation. The business-type activities of the District include the water and sewer systems and public works.

The government-wide financial statements can be found in Section C of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental fund is the Conservation Trust Fund.

Overview of the Financial Statements (continued)

Governmental funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The District adopts an annual appropriated budget for all its funds. The District does not have a General Fund and therefore no budgetary comparisons are presented for the General Fund.

The basic governmental fund financial statements can be found in Section C of this report.

Proprietary funds: The District maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its water and sewer systems and public works.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District, each of which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found in Section C of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found at Section D of this report.

Other information: The budgetary schedules found in Sections E and F provide a detailed comparison of the District's actual revenues and expenditures to actual amounts. As the District's proprietary funds were not adopted in a manner consistent with generally accepted accounting principles ("GAAP"), those schedules are presented on a Non-GAAP basis with reconciliation to GAAP basis.

Government-wide Financial Analysis

Battlement Mesa Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 29,118	18,220	3,934,367	3,742,498	3,963,485	3,760,718
Capital assets	-	-	4,198,203	4,385,135	4,198,203	4,385,135
Total Assets	29,118	18,220	8,132,570	8,127,633	8,161,688	8,145,853
Liabilities:						
Short-term liabilities	-	-	85,565	209,702	85,565	209,702
Long-term liabilities	-	-	15,551	17,883	15,551	17,883
Total liabilities	-	-	101,116	227,585	101,116	227,585
Net Position:						
Net investment in capital assets	-	-	4,198,203	4,385,135	4,198,203	4,385,135
Unrestricted Net Position	29,118	18,220	3,833,251	3,514,913	3,862,369	3,533,133
Total Net Position	\$ 29,118	18,220	8,031,454	7,900,048	8,060,572	7,918,268

Government-wide Financial Analysis (continued)

Traditionally, the largest portion of any district's investments is in its capital assets. Water and sewer systems are necessary in order to deliver and/or provide services to the District's residents. The District's capital assets account for 51% of its total assets. These assets are not an available source for payment of future spending.

The District's net position increased to \$8,060,572 in 2020. The increase is mainly the result of an excess of revenue over expenses in the business-type activities of \$131,406.

Battlement Mesa Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	-	2,572,659	2,328,136	2,572,659	2,328,136
Grants and contributions	10,898	12,060	50,000	87,230	60,898	99,290
General revenues:						
Other income	-	-	1,844	701	1,844	701
Gain on sale of capital assets						
Investment earnings	-	-	16,582	48,409	16,582	48,409
Total Revenues	10,898	12,060	2,641,085	2,464,476	2,651,983	2,476,536
Expenses:						
Water and sewer	-	-	2,379,188	2,318,772	2,379,188	2,318,772
Public works	-	-	22,087	22,670	22,087	22,670
Association management	-	-	108,404	99,059	108,404	99,059
Total Expenses	-	-	2,509,679	2,440,501	2,509,679	2,440,501
Change in Net Position	10,898	12,060	131,406	23,975	142,304	36,035
Net Position - Beginning	18,220	6,160	7,900,048	7,876,073	7,918,268	7,882,233
Net Position - Ending	\$ 29,118	18,220	8,031,454	7,900,048	8,060,572	7,918,268

Governmental activities:

The governmental activities net position increased by \$10,898, because no recreation projects were undertaken in 2019.

Business-type activities:

Water and Sewer Fund: The Water and Sewer Fund's change in net position was an increase of \$138,492. The Water and Sewer Fund's operating revenues increased \$229,524 over 2019, while operating expenses increased \$69,180. The increase in operating revenues was primarily due to water sales, and the increase in operating expenses was primarily due to an increase in administration salaries, benefits and taxes. Non-operating revenues decreased by \$20,511 from 2019 due to a decrease in investment income which was partially offset by an increase in grant revenue. Tap fees also decreased by \$47,403 from 2019.

Government-wide Financial Analysis (continued)

Business-type activities (continued):

Public Works Fund: The Public Works Fund change in net position was a decrease of \$7,087. Operating revenues and expenses decreased by \$9,000 and \$583, respectively, from 2019. The decrease in revenues was attributed to less revenues earned for contract sweeping.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$29,118. The governmental fund of the District accounts for the lottery proceeds received from the State of Colorado. These funds are to be used for recreational purposes. The District does not have a General Fund, as its operations are primarily water and sewer services and public works reported in the business-type activities.

Proprietary funds: The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for the proprietary funds combined at the end of the current fiscal year is \$3,833,250 and is broken down as follows: Water and Sewer Fund, \$3,775,103 and Public Works Fund, \$58,147. The net unrestricted assets are available for spending at the District's discretion.

Budget variance in the proprietary funds: The District had the following significant budget variances and is detailed as follows:

Account	Original Budget Variance Positive (Negative)	Reason
Water & Sewer Fund		
Revenues:		
Water sales	\$ 169,183	Additional apartment unit came on-line and a dry summer
Sewer service charges	20,788	Conservative budgeting based on historical data, unexpected rise in services related increase in occupancy of a renovated residential complex and rentals
Interest income	(33,418)	Decrease in yields due to economic conditions
Grant revenue	(250,000)	Did not receive grant approval for 2nd grant until late in the year
Expenditures:		
Office supplies, postage, and miscellaneous	20,161	Election was cancelled due to limited number of candidates and under budget on training and seminars
Salaries, benefits and taxes	118,114	Over projected estimated health and dental insurances costs
Sewer processing charges	27,160	Sewer cleaning contractor could not be scheduled
Salaries, benefits and taxes	16,916	Over projected estimated health and dental insurances costs
Capital outlay	508,717	Significant costs savings for projected delays, and offset by unbudgeted projects

Financial Analysis of the District's Funds (continued)

Budget variance in the proprietary funds (continued):

Account	Original Budget Variance Positive (Negative)	Reason
Public Works Fund		
Revenues:		
Charges for services	\$ (9,000)	Budgeted for miscellaneous sweeping charges which did not occur
Expenditures:		
Repairs and maintenance	6,069	Unexpected repairs were required on the street sweeper
Conservation Trust Fund		
Expenditures:		
Parks and recreation	11,000	No projects undertaken in 2020

Capital assets: The District's capital assets decreased by \$186,932 due to more depreciation expense over capital additions. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement in Section D of this report.

Long-term liabilities: The District's long-term liabilities decreased \$9,327 as a result of an decrease in accrued compensated absences. Additional information as well as a detailed classification of the District's total long-term liabilities can be found in the Notes to the Financial Statements at Section D.

Next year's budget and rates: The 2021 budget includes a \$1.00 per month increase in the base water rate (from \$17 to \$18) and an increase of 5.9% (from \$3.40 to \$3.60) per 1,000 gallons for water use above 5,000 gallons per month. The budget also includes a \$1.00 per month increase in the base sewer rate (from \$27 to \$28). The combined water and sewer funds, operating revenues, are budgeted at a 2.5% increase above the 2020 adopted budget as a result of the rate increases. The increase in rates is due to needed capital upgrades and replacement in both water and sewer facilities. Combined funds operating expenditures are budgeted at a 0.06% increase above the 2020 adopted budget. The budget includes a 3% average wage increase. The Capital fund revenues are unchanged from the 2020 budget. The budget proposes to include grant funds from the Garfield County Federal Mineral Lease District in the amount of \$300,000 for water service line replacement in Monument Creek Village and new electric backup generators for the water and sewer facilities. Interest revenues on capital funds have been reduced due to national reductions in interest earnings on investment funds. Capital expenditures reflect a significant increase primarily associated with the proposed electric standby generator improvements at the water and sewer facilities. Additional proposed capital improvements include water service line replacement, water meter replacement, lift station repairs, wastewater clarifier and aeration basin repairs, and capital equipment purchases.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, Battlement Mesa Metropolitan District, 401 Arroyo Drive, Parachute, Colorado 81635.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Battlement Mesa Metropolitan District
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	-	647,957	647,957
Investments	-	3,173,209	3,173,209
Receivables, net:			
Service fees	-	125,532	125,532
Other	-	555	555
Internal balances	29,118	(29,118)	-
Prepaid expenses	-	16,232	16,232
Property, plant and equipment, net of accumulated depreciation	-	4,198,203	4,198,203
Total Assets	<u>29,118</u>	<u>8,132,570</u>	<u>8,161,688</u>
Liabilities:			
Accounts payable	-	26,548	26,548
Accrued payroll	-	12,363	12,363
Accrued compensated absences:			
Due within one year	-	46,654	46,654
Due in more than one year	-	15,551	15,551
Total Liabilities	<u>-</u>	<u>101,116</u>	<u>101,116</u>
Net Position:			
Net invested in capital assets	-	4,198,203	4,198,203
Unrestricted	29,118	3,833,251	3,862,369
Total Net Position	<u>29,118</u>	<u>8,031,454</u>	<u>8,060,572</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Battlement Mesa Metropolitan District
Balance Sheet
Governmental Fund - Conservation Trust Fund
December 31, 2020**

Assets:	
Due from other funds	<u>29,118</u>
Total Assets	<u>29,118</u>
Fund Balance:	
Restricted	<u>29,118</u>
Total Fund Balance	<u><u>29,118</u></u>

The accompanying notes are an integral part of these financial statements.

**Battlement Mesa Metropolitan District
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund - Conservation Trust Fund
December 31, 2020**

Revenues:	
Lottery distributions	10,898
	<u>10,898</u>
Total Revenues	10,898
	<u>10,898</u>
Expenditures:	
Parks and recreation	-
	<u>-</u>
Total Expenditures	-
	<u>-</u>
Net Change in Fund Balance	10,898
Fund Balance - Beginning	18,220
	<u>18,220</u>
Fund Balance - Ending	29,118
	<u><u>29,118</u></u>

The accompanying notes are an integral part of these financial statements.

Battlement Mesa Metropolitan District
Statement of Net Position
All Proprietary Funds
December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020		2019	
	Water and Sewer Fund	Public Works Fund	Totals	Totals
Assets:				
Current assets:				
Cash and cash equivalents	647,957	-	647,957	456,440
Investments	3,173,209	-	3,173,209	3,181,650
Receivables:				
Service fees and other	126,087	-	126,087	122,628
Due from other funds	-	58,147	58,147	61,188
Prepaid expenses	16,232	-	16,232	-
Total - Current assets	3,963,485	58,147	4,021,632	3,821,906
Non-current assets:				
Construction in process	65,079	-	65,079	6,306
Water system	5,063,384	-	5,063,384	5,020,141
Sewer system	5,637,277	-	5,637,277	5,594,034
Buildings	1,087,833	104,648	1,192,481	1,192,481
Equipment	1,413,287	121,568	1,534,855	1,493,966
Accumulated depreciation	(9,155,369)	(139,504)	(9,294,873)	(8,921,793)
Total - Non-current assets	4,111,491	86,712	4,198,203	4,385,135
Total Assets	8,074,976	144,859	8,219,835	8,207,041
Liabilities:				
Current liabilities:				
Accounts payable	38,911	-	38,911	156,051
Due to other funds	87,266	-	87,266	79,409
Compensated absences	46,654	-	46,654	53,650
Total - Current liabilities	172,831	-	172,831	289,110
Non-current liabilities:				
Compensated absences	15,551	-	15,551	17,883
Total - Non-current liabilities	15,551	-	15,551	17,883
Total Liabilities	188,382	-	188,382	306,993
Net Position:				
Net investment in capital assets	4,111,491	86,712	4,198,203	4,385,135
Unrestricted	3,775,103	58,147	3,833,250	3,514,913
Total Net Position	7,886,594	144,859	8,031,453	7,900,048

The accompanying notes are an integral part of these financial statements.

Battlement Mesa Metropolitan District
Statement of Revenues, Expenses and Changes in Fund Net Position
All Proprietary Funds
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020		2019	
	Water and Sewer Fund	Public Works Fund	Totals	Totals
Operating Revenues:				
Water sales	1,509,183	-	1,509,183	1,251,908
Sewer service charges	867,788	-	867,788	872,165
Service charges	24,632	15,000	39,632	46,515
Association management fees	156,057	-	156,057	157,548
Total Operating Revenues	2,557,660	15,000	2,572,660	2,328,136
Operating Expenses:				
Administration	1,253,963	12,910	1,266,873	1,220,523
Water and sewer	738,058	-	738,058	734,043
Public works	-	5,131	5,131	7,173
Association management	108,404	-	108,404	99,059
Depreciation	387,169	4,046	391,215	379,703
Total Operating Expenses	2,487,594	22,087	2,509,681	2,440,501
Income (Loss) from Operations	70,066	(7,087)	62,979	(112,365)
Non-Operating Revenues (Expenses):				
Interest income	16,582	-	16,582	48,409
Grant revenue	50,000	-	50,000	39,827
Other income	1,844	-	1,844	701
Total Non-Operating Revenues (Expenses)	68,426	-	68,426	88,937
Income Before Contributions & Transfers	138,492	(7,087)	131,405	(23,428)
Tap fees	-	-	-	47,403
Total Contributions & Transfers	-	-	-	47,403
Change in Net Position	138,492	(7,087)	131,405	23,975
Net Position - Beginning	7,748,102	151,946	7,900,048	7,876,073
Net Position - Ending	7,886,594	144,859	8,031,453	7,900,048

The accompanying notes are an integral part of these financial statements.

Battlement Mesa Metropolitan District
Statement of Cash Flows
All Proprietary Funds
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Water and Sewer Fund	Public Works Fund	Totals	Totals
Cash Flows From Operating Activities:				
Cash received from customers	2,398,143	15,000	2,413,143	2,160,855
Cash received from others	156,057	-	156,057	157,548
Cash payments for goods and services	(1,151,821)	(4,523)	(1,156,344)	(1,032,373)
Cash payments for salaries and benefits	(1,083,446)	(10,477)	(1,093,923)	(970,936)
Net Cash Provided (Used) by Operating Activities	318,933	-	318,933	315,094
Cash Flows From Non-Capital Financing Activities:				
Miscellaneous	1,844	-	1,844	701
Net Cash Provided (Used) by Non-Capital Financing Activities	1,844	-	1,844	701
Cash Flows From Capital and Related Financing Activities:				
Grants	50,000	-	50,000	39,827
Tap fees	-	-	-	47,403
Capital outlay	(204,283)	-	(204,283)	(259,156)
Net Cash Provided (Used) by Capital and Related Financing Activities	(154,283)	-	(154,283)	(171,926)
Cash Flows From Investing Activities:				
Purchase of investments	(390,592)	-	(390,592)	(1,615,232)
Redemption of investments	415,592	-	415,592	1,415,232
Interest income	23	-	23	21
Net Cash Provided (Used) by Investing Activities	25,023	-	25,023	(199,979)
Net Increase (Decrease) in Cash and Cash Equivalents	191,517	-	191,517	(56,110)
Cash and Cash Equivalents - Beginning	456,440	-	456,440	512,550
Cash and Cash Equivalents - Ending	647,957	-	647,957	456,440
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Income (loss) from operations	70,066	(7,087)	62,979	(112,365)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	387,169	4,046	391,215	379,703
(Increase) decrease in accounts receivable - service fees	(3,459)	-	(3,459)	(9,734)
(Increase) decrease in due to/from other funds	7,857	3,041	10,898	12,061
(Increase) decrease in prepaid expenses	(16,232)	-	(16,232)	27,855
Increase (decrease) in compensated absences	(9,328)	-	(9,328)	(1,713)
Increase (decrease) in accounts payable	(117,140)	-	(117,140)	19,287
Net Cash Provided (Used) by Operating Activities	318,933	-	318,933	315,094

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

The Battlement Mesa Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was organized under the provisions of the Colorado Revised Statutes ("CRS"), 32-1-101 to 1307, as amended. The present District is a consolidation of the former Battlement Mesa Metropolitan District and Consolidated Metropolitan District. The former Battlement Mesa Metropolitan District was a consolidation of Battlement Mesa Water and Sanitation District and Saddleback Metropolitan District. The purposes of the District are to provide metropolitan district facilities, programs and services for parks and recreation, streets, mosquito control, safety and fire protection, through provision and maintenance of fire hydrants, and water and sanitation services to the residents of the District. The management of the District is primarily through an elected Board of Directors which oversees administration, operations, and maintenance functions.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Culture and recreation are classified as governmental activities. The District's water and sewer utilities, public works, and association management are classified as business-type activities.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (culture and recreation, utilities, etc.). The functions are also supported by general government revenues (investment earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The District reports the following proprietary or business-type funds:

The *Water and Sewer Fund* accounts for the operations of the water and sewer plants and association management.

The *Public Works Fund* accounts for the operations of street sweeping.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise 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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash and Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District. The District has a policy of central cash management for all funds.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents, and Investments (continued)

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. All service revenues become a lien on property if not paid. No allowance is recorded at December 31, 2020, as all accounts are considered to be collectible.

3. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

4. Capital Assets

Capital assets, which include the water system, sewer collection system, and the related improvements and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed.

Capital assets are depreciated using the straight-line method over estimated useful lives of 3 to 40 years.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Compensated Absences

The District has adopted a policy regarding compensated absences. It is the policy of the District to provide paid leave time for vacation, sick time, and holiday pay. To be eligible, the employee must be a full-time, permanent employee who has completed a six month probationary period. Qualified employees accumulate paid leave at a rate of 192 hours a year. Qualified employees can also accumulate longevity pay at the rate of 8 hours per year for the first ten years of service and 4 hours a year for each year of service from eleven to thirty years. Paid leave time may accumulate up to 240 hours. Any hours in excess of 240 can be disposed of by: 1) using it as vacation, 2) converting it to retirement at 80%, 3) being paid for the excess at a rate of 80%, or 4) being paid a maximum accumulation on termination of 100% up to 240 hours.

6. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

7. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Categories and Classification of Fund Balance (continued)

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Board of Directors. The District’s original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Directors platform to review, and/or make changes to each department’s budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Board of Directors via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board of Directors approval, must be presented via a public process and again approval by Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. The District does not have a formal minimum fund balance policy.

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Comparative Data

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The proprietary funds were adopted on a non-GAAP budgetary basis and have been reconciled to a GAAP basis below:

	Water and Sewer Fund	Public Works Fund
Income (Loss) from Operations	\$ 321,378	(3,041)
Reconciliation to GAAP basis:		
Capital outlay	204,283	-
Depreciation	(387,169)	(4,046)
Change in net position - GAAP basis	\$ 138,492	(7,087)

Annual appropriations are adopted for all funds. For 2020, the District's Public Works Fund had expenditures in excess of appropriations.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District did not certify a mill levy for the year 2020.
3. Prior to December 15, 2019, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The District believes its enterprise funds also qualify as enterprises as defined in the amendment and are therefore exempt from the provisions of the amendment. The District also believes that as its governmental fund is a conservation trust fund, it is also exempt from the provisions of the amendment. The District's management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to judicial interpretation.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

At year end, the District had the following investments and maturities:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Petty cash	Not Rated	\$ 300	300	-
Checking	Not Rated	319,317	319,317	-
Money market	Not Rated	328,340	328,340	-
<i>Investments:</i>				
Certificates of Deposits	Not Rated	290,721	290,721	-
COLOTRUST Investment Pool	AAAm	2,882,488	2,882,488	-
		<u>\$ 3,821,166</u>	<u>3,821,166</u>	<u>-</u>

The Investment Pool represents an investment in Colorado Liquid Asset Trust ("COLOTRUST"). The investment is measured at the net asset value, and the fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk, As a means of limiting its exposure to interest rate risk, the District policy is to invest eligible investments and institutions to diversify its investments to match maturities with liquidity needs.

Credit Risk, State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and local government investment pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk, The District diversifies its investments by security type and institution. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	Water and Sewer
Receivables:	
Service fees	\$ 125,532
Other	555
Gross receivables	126,087
Less: allowance for uncollectibles	-
Net receivables	\$ 126,087

C. Capital Assets

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

	Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/2020
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,306	58,773	-	65,079
Total Capital Assets, Not Being Depreciated	6,306	58,773	-	65,079
Capital assets, being depreciated:				
Water system	\$ 5,020,141	43,243	-	5,063,384
Sewer system	5,594,034	43,243	-	5,637,277
Building	1,192,481	-	-	1,192,481
Equipment and vehicles	1,493,966	59,024	(18,135)	1,534,855
Total Capital Assets Being Depreciated	13,300,622	145,510	(18,135)	13,427,997
Less Accumulated Depreciation for:				
Sewer system	(3,740,347)	(165,638)	-	(3,905,985)
Water system	(3,884,579)	(145,998)	-	(4,030,577)
Building	(279,564)	(29,812)	-	(309,376)
Equipment and vehicles	(1,017,303)	(49,767)	18,135	(1,048,935)
Total Accumulated Depreciation	(8,921,793)	(391,215)	18,135	(9,294,873)
Total Capital Assets Being Depreciated, Net	4,378,829	(245,705)	-	4,133,124
Business-type Activities Capital Assets, Net	\$ 4,385,135	(186,932)	-	4,198,203

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables as of December 31, 2020 were as follows:

	Receivable	Payable
Public Works Fund	\$ 58,147	-
Conservation Trust Fund	29,118	-
Water and Sewer Fund	-	87,266
Total	\$ 87,265	87,266

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

E. Long-term Liabilities – Business-type Activities

Changes in the District's long-term liabilities are as follows:

	Beginning Balance 1/1/2020	Additions (Deletions)	Ending Balance 12/31/2020	Due Within One Year
Compensated absences	\$ 71,533	(9,327)	62,206	46,654
Total Liabilities	\$ 71,533	(9,327)	62,206	46,654

IV. Other Information

A. Service Agreement – Town of Parachute

In 2000, the former Battlement Mesa Metropolitan District entered into an agreement (the "Agreement") with the Town of Parachute ("Town") to provide the Town with water and sewer services until December 31, 2002. The Agreement also called for the Town to pay for tap fees to the former Battlement Mesa Metropolitan District. The Agreement included two annual renewal terms. In 2003 the Agreement was amended to extend the Agreement until December 31, 2005. Effective in 2007, the District entered into an agreement with the former Battlement Mesa Metropolitan District to assign the Agreement over to the District. The Agreement was amended again in 2007, between the District and the Town, to extend the term of the Agreement to five years, with an option of renewing the Agreement on an annual basis. In 2020, the District recognized sewer charges and tap fees from the Town in the amount of \$143,595.

B. Service Agreement – Street Sweeping

In 2020, the District entered into an agreement with Battlement Mesa Service Association (the "Association") to provide the sweeping of gravel, dirt and debris from the streets located within the Association. The District charged in accordance with the agreement for the services provided.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Other Information (continued)

C. Management Agreement

In 2020 the District entered into a management agreement the Association with to manage the day-to-day operation of the Association. The agreement commenced on January 1, 2020, and ended December 31, 2020. As part of the agreement the District received \$115,000 in management fees and \$41,057 for other services in 2020. The District entered into another management agreement with the Association to commence on January 1, 2021 and end December 31, 2021.

D. Retirement Plan

District employees are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (the "Deferred Compensation Plan"). The Deferred Compensation Plan, which is administered by the District, allows employees the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District matches up to the first 5% of employee contributions.

The contributions for 2020 were \$68,732 by the employees and \$30,849 by the District. As of December 31, 2020, there were no outstanding contribution liabilities.

E. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability. The District carries commercial coverage for these risks and does not expect claims to exceed their coverage. There have been no reductions in coverage from 2019 to 2020 and settlements have not exceeded coverage in the past year.

F. Contingencies - Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2020.

G. Sunforce Solutions International-I, Inc. Agreements

In September 2014, the District entered into a power purchase agreement and land lease agreement with Sunforce Solutions International-I, Inc. ("Sunforce"), in which the District leases certain land for the installation, operation, maintenance, repair, replacement and improvement of solar energy facility to Sunforce and the District shall purchase energy from Sunforce under the terms of the agreements. The initial terms of the agreements are for 20 years and include the option of up to four extensions of five years.

Battlement Mesa Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Other Information (continued)

H. Related Party

During 2020, the District incurred \$1,992 of expenses to Media Dynamics for website maintenance. Media Dynamics is a dba by a Board member of the District. At December 31, 2020, the District owed Media Dynamics \$166.

REQUIRED SUPPLEMENTARY INFORMATION

Battlement Mesa Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Conservation Trust Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Lottery distributions	11,000	11,000	10,898	(102)	12,060
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>10,898</u>	<u>(102)</u>	<u>12,060</u>
Expenditures:					
Parks and recreation	11,000	11,000	-	11,000	-
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>-</u>
Change in Fund Balance	-	-	10,898	10,898	12,060
Fund Balance - Beginning	<u>5,575</u>	<u>5,575</u>	<u>18,220</u>	<u>12,645</u>	<u>6,160</u>
Fund Balance - Ending	<u><u>5,575</u></u>	<u><u>5,575</u></u>	<u><u>29,118</u></u>	<u><u>23,543</u></u>	<u><u>18,220</u></u>

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Battlement Mesa Metropolitan District
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Water and Sewer Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Water sales	1,340,000	1,340,000	1,509,183	169,183	1,251,908
Sewer service charges	847,000	847,000	867,788	20,788	872,165
Charges for service	24,000	24,000	24,632	632	22,515
Association management fees	150,000	150,000	156,057	6,057	157,548
Other income	1,000	1,000	1,844	844	701
Interest income	50,000	50,000	16,582	(33,418)	48,409
Grant revenue	300,000	300,000	50,000	(250,000)	39,827
Tap fees	-	-	-	-	47,403
Total Revenues	2,712,000	2,712,000	2,626,086	(85,914)	2,440,476
Operating Expenses:					
Administration:					
Accounting and audit	14,700	14,700	15,266	(566)	14,042
Contract labor and administrative	8,000	8,000	660	7,340	-
Insurance	85,000	85,000	84,446	554	80,940
Legal	7,000	7,000	4,113	2,887	5,789
Landscaping	5,000	5,000	6,697	(1,697)	5,582
Repairs and maintenance	6,000	6,000	7,256	(1,256)	3,242
Office supplies, postage, and miscellaneous	97,800	97,800	77,639	20,161	111,422
Salaries, benefits and taxes	1,176,000	1,176,000	1,057,886	118,114	987,340
Water & Sewer Plants:					
Repairs and maintenance	413,000	413,000	410,847	2,153	421,611
Utilities	316,000	316,000	325,108	(9,108)	289,601
Sewer processing charges	28,000	28,000	840	27,160	20,268
Water purchases	3,000	3,000	1,263	1,737	1,738
Temporary easement	1,000	1,000	-	1,000	825
Association management:					
Office supplies, postage, and miscellaneous	19,200	19,200	15,820	3,380	12,909
Salaries, benefits and taxes	109,500	109,500	92,584	16,916	86,150
Capital outlay:					
Capital outlay	713,000	713,000	204,283	508,717	244,863
Total Operating Expenses	3,002,200	3,002,200	2,304,708	697,492	2,286,322
Income (Loss) from Operations	(290,200)	(290,200)	321,378	611,578	154,154
Reconciliation to GAAP Basis:					
Capitalized assets			204,283		244,863
Depreciation			(387,169)		(376,372)
Change in net position - GAAP Basis			138,492		22,645
Net Position - Beginning			7,748,102		7,725,457
Net Position - Ending			7,886,594		7,748,102

The accompanying notes are an integral part of these financial statements.

Battlement Mesa Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Public Works Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Charges for service	24,000	24,000	15,000	(9,000)	24,000
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>15,000</u>	<u>(9,000)</u>	<u>24,000</u>
Operating expenses:					
Administration:					
Insurance	1,400	1,400	1,400	-	1,400
Office supplies, postage, and miscellaneous	300	300	1,034	(734)	1,028
Salaries and benefits	8,100	8,100	10,476	(2,376)	9,738
Public Works:					
Repairs and maintenance	11,200	11,200	5,131	6,069	21,466
Total Operating Expenses	<u>21,000</u>	<u>21,000</u>	<u>18,041</u>	<u>2,959</u>	<u>33,632</u>
Income (Loss) from Operations	3,000	3,000	(3,041)	(6,041)	(9,632)
Reconciliation to GAAP Basis:					
Capitalized assets			-		14,293
Depreciation			(4,046)		(3,331)
Change in net position - GAAP Basis			(7,087)		1,330
Net Position - Beginning			<u>151,946</u>		<u>150,616</u>
Net Position - Ending			<u><u>144,859</u></u>		<u><u>151,946</u></u>

The accompanying notes are an integral part of these financial statements.