

El Rancho Florida Metropolitan District
Financial Statements
December 31, 2020

**El Rancho Florida Metropolitan District
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December 31, 2020**

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Independent Auditor's Report

The Governing Body
El Rancho Florida Metropolitan District
Durango CO 81302

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 El Rancho Florida 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 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, each major fund, and the aggregate remaining fund information of the 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 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 supplementary 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.

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund information and budget to actual information listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

July 27, 2021

Government-Wide Financial Statements

El Rancho Florida 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	\$ 85,720	\$ 631,265	\$ 716,985
Receivables	7,180	74,177	81,357
Internal balances	221,635	(221,635)	-
Capital Assets			
Land	-	99,749	99,749
Bridge and roads	368,954	-	368,954
Machinery and equipment	34,932	-	34,932
Distribution assets	-	3,469,611	3,469,611
Less accumulated depreciation	(243,670)	(700,046)	(943,716)
Total capital assets	<u>160,216</u>	<u>2,869,314</u>	<u>3,029,530</u>
Total assets	<u>474,751</u>	<u>3,353,121</u>	<u>3,827,872</u>
LIABILITIES			
Accounts payable and accrued expenses	1,936	2,447	4,383
Long-term liabilities			
Due within one year			
Note payable	-	69,356	69,356
Due in more than one year			
Note payable	-	818,014	818,014
Total liabilities	<u>1,936</u>	<u>889,817</u>	<u>891,753</u>
Deferred Inflow of Resources			
Deferred property taxes	-	55,285	55,285
Total deferred inflow of resources	<u>-</u>	<u>55,285</u>	<u>55,285</u>
NET POSITION			
Net investment in Capital Assets	160,216	1,981,944	2,142,160
Restricted for emergencies	1,494	-	1,494
Unrestricted	311,105	426,075	737,180
Total net position	<u>\$ 472,815</u>	<u>\$ 2,408,019</u>	<u>\$ 2,880,834</u>

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

**El Rancho Florida Metropolitan District
Statement of Activities
For the Year Ended December 31, 2020**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
Public Works	\$ 67,419	\$ 88,246	\$ -	\$ -	\$ 20,827	\$ -	\$ 20,827
Culture and Recreation	-	-	1,585	-	1,585	-	1,585
Total governmental activities	<u>67,419</u>	<u>88,246</u>	<u>1,585</u>	<u>-</u>	<u>22,412</u>	<u>-</u>	<u>22,412</u>
Business-type activities:							
Water fund	274,008	156,272	-	-	-	(117,736)	(117,736)
Total business-type activities	<u>274,008</u>	<u>156,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,736)</u>	<u>(117,736)</u>
Total primary government	<u>\$ 341,427</u>	<u>\$ 244,518</u>	<u>\$ 1,585</u>	<u>\$ -</u>	<u>-</u>	<u>(117,736)</u>	<u>(95,324)</u>
General revenues:							
Taxes:							
Property and SO taxes, levied for general purposes					-	81,024	81,024
Unrestricted investment earnings					5	2,492	2,497
Miscellaneous					-	(59)	(59)
Total general revenues, special items, and transfers					<u>5</u>	<u>83,457</u>	<u>83,462</u>
Change in net position					22,417	(34,279)	(11,862)
Net position - beginning					450,398	2,442,298	2,892,696
Net position - ending					<u>\$ 472,815</u>	<u>\$ 2,408,019</u>	<u>\$ 2,880,834</u>

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

Fund Financial Statements

El Rancho Florida Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Other Government al Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 80,744	\$ 4,976	\$ 85,720
Due from other funds	231,877	-	231,877
Due from other entities	7,180	-	7,180
Total assets	<u>319,801</u>	<u>4,976</u>	<u>324,777</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,936	-	1,936
Due to other funds	-	10,242	10,242
Total liabilities	<u>1,936</u>	<u>10,242</u>	<u>12,178</u>
Fund balances:			
Restricted for emergencies	1,494	-	1,494
Unassigned	316,370	(5,265)	311,105
Total fund balances	<u>317,864</u>	<u>(5,265)</u>	<u>312,599</u>
Total liabilities and fund balances	<u>\$ 319,800</u>	<u>\$ 4,977</u>	<u>\$ 324,777</u>

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

El Rancho Florida Metropolitan District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2020

Total fund balance, governmental funds	\$ 312,599
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

160,216

Net Position of Governmental Activities in the Statement of Net Position
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\$ 472,815

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

El Rancho Florida Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	<u>General</u>	<u>Other Government al Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 26,084	\$ 1,585	\$ 27,669
Charges for services	62,162	-	62,162
Investment earnings	-	5	5
Total revenues	<u>88,246</u>	<u>1,590</u>	<u>89,836</u>
EXPENDITURES			
Current:			
Road operations	49,799	-	49,799
Culture and recreation	-	-	-
Total Expenditures	<u>49,799</u>	<u>-</u>	<u>49,799</u>
Excess (deficiency) of revenues over expenditures	<u>38,447</u>	<u>1,590</u>	<u>40,037</u>
Net change in fund balances	38,447	1,590	40,037
Fund balances - beginning	279,417	(6,855)	272,562
Fund balances - ending	<u>\$ 317,864</u>	<u>\$ (5,265)</u>	<u>\$ 312,599</u>

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

El Rancho Florida Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds: \$ 40,037

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$0 is less than depreciation of \$17,620 in the current period.

(17,620)

Change in net position of governmental activities:

\$ 22,417

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

El Rancho Florida Metropolitan District
Statement of Net Position
Proprietary Fund
December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$	631,264
Accounts receivable, net		18,891
Property taxes receivable		55,285
Due from other funds		783
Total current assets		706,223

Non-current assets:

Capital assets:

Land		99,749
Distribution assets		3,469,611
Less accumulated depreciation		(700,046)
Total non-current assets		2,869,314
Total assets		3,575,537

LIABILITIES and DEFERRED INFLOWS

Current liabilities:

Accounts payable		2,447
Due to other funds		222,416
Notes payable		69,356
Total current liabilities		294,219

Non-current liabilities:

Notes payable		818,014
Total non-current liabilities		818,014
Total liabilities		1,112,233

Deferred inflow of resources:

Deferred revenue		55,285
Total deferred inflow of resources		55,285

NET POSITION

Net investment in capital assets		1,981,944
Restricted for other purposes		262,593
Unrestricted		163,482
Total net position	\$	2,408,019

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

El Rancho Florida Metropolitan District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2020

OPERATING REVENUES

Charges for services	\$ 154,997
Miscellaneous revenue	1,216
Other operating income--Property and SO taxes	81,024
Total operating revenues	237,237

OPERATING EXPENSES

Salaries	63,010
Administrative and general	49,835
Utilities	5,215
Repairs and maintenance	15,108
Supplies	4,362
Professional fees	480
Miscellaneous expenses	1,682
Depreciation	115,547
Total Operating Expenses	255,239
Operating income (loss)	(18,002)

NON-OPERATING REVENUES (EXPENSES)

Interest earnings	2,492
Interest expense	(18,769)
Total non-operating revenue (expenses)	(16,277)
Change in net position	(34,279)
Total net position - beginning	2,442,298
Total net position - ending	\$ 2,408,019

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

El Rancho Florida Metropolitan District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from charges for services	\$ 229,544
Cash Received from Miscellaneous	1,216
Cash payments to suppliers for goods & services	(78,612)
Cash payments for salaries & benefits	<u>(63,010)</u>
Net cash provided by operating activities	<u>89,138</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Increase in due to other funds	<u>25,202</u>
Net cash provided (used) by noncapital financing activities	<u>25,202</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:

Interest expense	(18,769)
Payments made on debt	(67,989)
Purchase of fixed assets	<u>(3,938)</u>
Net cash (used) in capital and related financing activities	<u>(90,696)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>2,492</u>
Net cash provided from investing activities	<u>2,492</u>

Net increase (decrease) in cash and cash equivalents 26,136

CASH & CASH EQUIVALENTS:

Beginning of Year	<u>605,128</u>
End of Year	<u><u>631,264</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating (loss)	(18,002)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	115,547
Change in assets and liabilities:	
(Increase) decrease in receivables	(6,477)
Increase (decrease) in accounts payable	<u>(1,930)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 89,138</u></u>

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

El Rancho Florida Metropolitan District
Notes to the Financial Statements
December 31, 2020

Note 1 **Definition of Reporting Entity**

The El Rancho Florida Metropolitan District (the District) was organized in 1986 for the purpose of providing central water service, road maintenance, and recreation to the El Rancho Florida Subdivision, Units I and II.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 **Summary of Significant Accounting Policies**

This summary of El Rancho Florida Metropolitan District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Government-Wide and Fund Financial Statements:

Basic Financial Statements

Government-wide financial statements consist of a statement of net position and a statement of activities. These statements report all of the activities of the primary government. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Governmental activities are reported separately from business-type activities. Governmental activities are supported by intergovernmental revenues and charges for services, whereas business-type activities are supported by fees and charges for services and are usually intended by management to be financially self-sustaining. El Rancho Florida Metropolitan District receives property taxes in the Enterprise Fund for the purpose of meeting long term debt payments.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are clearly identifiable

with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including property taxes and interest income, are presented as general revenues.

The effect of interfund activity has been removed from the government-wide financial statements.

Fund financial statements consist of a series of statements focusing on information about the District's major governmental and enterprise funds. Separate financial statements are presented for the governmental and the proprietary type funds.

Measurement Focus, Basis of Accounting and Basis of Presentation:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and modified basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues

Revenues resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period typically within sixty days of realization.

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

The District has the following governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund accounts for lottery proceeds received from the Colorado State Lottery. These funds are restricted to the maintenance and management of park areas.

The District has the following proprietary type fund:

Enterprise Fund – Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenue of the District's enterprise fund is charges to customers for services. Operating expenses for the enterprise fund include 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. Property taxes assessed for the retirement of long-term debt are considered non-operating revenues.

Property Taxes:

Property taxes are collected on behalf of the District by La Plata County and then remitted to the District. The property tax is levied and certified in December of the year prior to the year the taxes are collected on all taxable property located in the District. Property taxes become an enforceable lien on January 1 of each year.

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under two methods: 1) in full on or before April 30, or 2) one-half on or before February 28, and the remaining one-half on or before June 15. All unpaid taxes levied December 31 become delinquent June 16.

Allowances for Uncollectibles:

No allowance for uncollectibles has been provided because the District is empowered to file liens on properties where delinquencies exist. Accordingly, it is expected that all accounts will be ultimately collected.

Cash and Cash Equivalents:

The District's cash and cash equivalents include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates, and have a maturity of three months or less from the date of acquisition. For cash and cash equivalents, the market value approximates the carrying value. Cash and cash equivalents for purposes of the cash flow statement for the Enterprise Fund, includes cash in operating accounts and certificates of deposit.

Colorado law authorizes the District to invest in obligations of the U. S. Treasury, State of Colorado, Colorado county and school districts, repurchase agreements, financial

institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter. Deposits are stated at cost which approximates fair value.

Capital Assets:

Capital assets, which include buildings, equipment, and vehicles, are recorded as expenditures in the applicable fund from which they are paid. Capital assets are defined by the District as assets with a useful life of more than three years and a cost of over \$2,500. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated useful lives as follows:

Infrastructure	15 to 40 years
Equipment and Vehicles	5 to 30 years

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for 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 (expense/expenditure) until then. The District has no amounts that qualify as deferred outflows of resources.

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 government has only one type of item which arises only under a full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the statement of net position. The governmental funds report unavailable revenues from property taxes for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Restricted Resources:

The District's policy is to use restricted resources first to fund appropriations for which both restricted and unrestricted net position are available.

Net Position/Fund Balances:

The difference between assets and liabilities is "Net Position" on the government-wide and proprietary fund financial statements. On the governmental fund financial statements, this difference is reported as "Fund Balances".

Net position is divided into net investment in capital assets, restricted and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

Fund balance classifications used by the District are as follows:

- 1) Restricted fund balance in the General Fund consists of the equity of the District which is restricted for emergency purposes by the Tabor Amendment of the State of Colorado Constitution. Restricted fund balance in the Special Revenue Fund is restricted to the maintenance and management of park areas. This designation is used for the portion of the fund balance that is restricted for a specific purpose by external parties.
- 2) Unassigned fund balance is the residual classification for the General Fund. This classification represents the portion of fund balance that has not been restricted, committed or assigned for specific purposes.

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

Use of Estimates:

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

Note 3**Deposits**

The District's deposit policies are governed by Colorado statute. 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 financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA approved financial institutions. At December 31, 2020, \$716,985 of the

District's deposits were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The District does not have a formal investing policy.

Note 4 Fixed Assets

A summary of fixed assets follows:

	Governmental Activities			Balance 12/31/2020
	Balance 01/01/2020	Additions	Deletions	
Depreciable				
Bridge and Road	\$ 368,954	\$ -	\$ -	\$ 368,954
Machinery and Equipment	34,932	-	-	34,932
Total Depreciable Assets	403,886	-	-	403,886
Less Accumulated Depreciation	(226,050)	(17,620)	-	(243,670)
Governmental Activities Capital Assets, Net	<u>\$ 177,836</u>	<u>\$ (17,620)</u>	<u>\$ -</u>	<u>\$ 160,216</u>

Depreciation expense of \$17,620 was recorded for general fixed assets.

	Business-Type Activities			Balance 12/31/2020
	Balance 01/01/2020	Additions	Deletions	
Non-Depreciable				
Land	\$ 99,749	\$ -	\$ -	\$ 99,749
Total Non-Depreciable Assets	99,749	-	-	99,749
Depreciable				
Machinery and Equipment	3,465,673	3,938	-	3,469,611
Total Assets	3,565,422	3,938	-	3,569,360
Less Accumulated Depreciation	(584,499)	(115,547)	-	(700,046)
Business-Type Activities Capital Assets, Net	<u>\$ 2,980,923</u>	<u>\$ (111,609)</u>	<u>\$ -</u>	<u>\$ 2,869,314</u>

Depreciation expense of \$115,547 was recorded in the Enterprise Fund.

Note 5 Long-Term Debt

On July 25, 2011, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority ("the Authority") for \$1,400,000 to finance the costs to upgrade the water system.

At December 31, 2020, the balance in the trust account was \$1,035. This amount is included in the Enterprise Fund's Statement of Net Position as restricted cash.

The loan is a promissory note of the District, payable from property taxes and other available sources of funds. Payments of principal and interest are due annually. The interest rate is 2%.

The amount currently outstanding on this loan is as follows:

	<u>Principal Maturities</u>	<u>Interest Payments</u>	<u>Annual Debt Service Requirements</u>
2021	\$ 69,357	\$ 17,403	\$ 86,760
2022	70,751	16,009	86,760
2023	72,173	14,587	86,760
2024	73,624	13,136	86,760
2025	75,104	11,656	86,760
2026-2030	398,781	35,019	433,800
2031-2032	127,580	2,561	130,141
	<u>\$ 887,370</u>	<u>\$ 110,371</u>	<u>\$ 997,741</u>

Changes in long-term debt for 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
CWRPDA Loan	<u>\$ 955,360</u>	<u>\$ -</u>	<u>\$ (67,990)</u>	<u>\$ 887,370</u>	<u>\$ 69,357</u>

Note 6 Fund Balance

Restricted fund balance in the General Fund consists of \$1,494 for emergency purposes as required by the Tabor amendment.

Note 7 Net Position

Restricted net position in the Enterprise Fund consists of:

- 1) \$262,593 for an operations and maintenance reserve as required by the Colorado Water Resources and Power Development Authority.

Note 8 Risk Management

El Rancho Florida Metropolitan District is exposed to various risks of loss related to torts, thefts of, damages to or destruction of assets; errors or omissions; injuries to employees, or acts of God. Commercial insurance is purchased by the District to cover losses or claims arising from matters related to property damage and injuries to employees. It is not possible to estimate any losses that would not be covered by the commercial insurance; however, settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 9 Tax Spending and Debt Limitations – Taxpayer’s Bill of Rights (TABOR)

Colorado voters passed an amendment of 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.

It requires emergency reserves up to 3% of spending limits-the reserves for years after 1996 must be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept, or spent illegally shall be refunded with interest.

The District believes it is in compliance with the requirements of TABOR; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

Note 10 Budget Calendar

The budget calendar is as follows:

- August 25 Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.

Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.
- October 15 Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget is received.
- December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuing fiscal period.
- December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to assessor and the Division of Property Taxation.

Required Supplementary Information

**El Rancho Florida Metropolitan District
Budget and Actual
General
For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 17,000	\$ 17,000	\$ 26,084
Charges for services	60,665	60,665	62,162
Miscellaneous	4,240	4,240	-
Total revenues	<u>81,905</u>	<u>81,905</u>	<u>88,246</u>
EXPENDITURES			
Current:			
Road operations	<u>81,905</u>	<u>81,905</u>	<u>49,799</u>
Total Expenditures	<u>81,905</u>	<u>81,905</u>	<u>49,799</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>38,447</u>
Net change in fund balances	-	-	38,447
Fund balances - beginning	<u>211,330</u>	<u>211,330</u>	<u>279,417</u>
Fund balances - ending	<u><u>\$ 211,330</u></u>	<u><u>\$ 211,330</u></u>	<u><u>\$ 317,864</u></u>

Other Supplementary Information

El Rancho Florida Metropolitan District
Budget and Actual
Water Fund
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charge for services	\$ 163,722	\$ 163,722	\$ 154,997
Investment earnings	1,500	1,500	2,492
Other operating income--Property and SO taxes	84,810	84,810	81,024
Miscellaneous	2,100	2,100	1,216
Total revenues	<u>252,132</u>	<u>252,132</u>	<u>239,729</u>
EXPENDITURES			
Salaries	62,400	62,400	63,010
Administrative and general	33,680	33,680	49,835
Utilities	7,000	7,000	5,215
Repairs and maintenance	14,000	14,000	15,108
Supplies	3,600	3,600	4,362
Professional fees	-	-	480
Capital outlay	8,500	8,500	3,938
Miscellaneous expense	7,000	7,000	1,682
Interest expense	22,709	22,709	18,769
Principal payments on debt	64,050	64,050	67,989
Total operating expenses	<u>222,939</u>	<u>222,939</u>	<u>230,388</u>
Operating income (loss)	<u>29,193</u>	<u>29,193</u>	<u>9,341</u>
RECONCILING ITEMS TO GAAP FINANCIAL STATEMENTS			
Capital outlay	-	-	3,938
Principal payments on debt	-	-	67,989
Depreciation	-	-	(115,547)
Total	<u>-</u>	<u>-</u>	<u>(43,620)</u>
Net change in net position	29,193	29,193	(34,279)
Net position - beginning	311,155	311,155	2,442,298
Net position - ending	<u>\$ 340,348</u>	<u>\$ 340,348</u>	<u>\$ 2,408,019</u>

**El Rancho Florida Metropolitan District
Budget and Actual
Conservation Trust
For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 1,400	\$ 1,400	\$ 1,585
Investment earnings	8	8	5
Total revenues	<u>1,408</u>	<u>1,408</u>	<u>1,590</u>
EXPENDITURES			
Current:			
Culture and recreation	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	<u>1,408</u>	<u>1,408</u>	<u>1,590</u>
Net change in fund balances	1,408	1,408	1,590
Fund balances - beginning	125	125	(6,855)
Fund balances - ending	<u>\$ 1,533</u>	<u>\$ 1,533</u>	<u>\$ (5,265)</u>