

INDIAN MOUNTAIN METROPOLITAN DISTRICT
Park County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2022

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Independent Auditor's Report

Board of Directors
Indian Mountain Metropolitan District
Park County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Indian Mountain Metropolitan District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Indian Mountain Metropolitan District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 10, 2023

BASIC FINANCIAL STATEMENTS

INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments - unrestricted	\$ 125,556	\$ 100,213	\$ 225,769
Cash and investments - restricted	1,915	-	1,915
Due from County Treasurer	1,675	-	1,675
Accounts receivable	-	35	35
Property taxes receivable	183,000	-	183,000
Capital assets, not being depreciated	521,244	365,310	886,554
Capital assets, being depreciated, net of accumulated depreciation	513,176	-	513,176
Total assets	<u>1,346,566</u>	<u>465,558</u>	<u>1,812,124</u>
LIABILITIES			
Accounts payable	5,942	425	6,367
Unearned revenue	-	295	295
Total liabilities	<u>5,942</u>	<u>720</u>	<u>6,662</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues	183,000	-	183,000
Total deferred inflows of resources	<u>183,000</u>	<u>-</u>	<u>183,000</u>
NET POSITION			
Invested in capital assets, net of related debt	1,034,420	365,310	1,399,730
Restricted for:			
Emergencies	6,800	-	6,800
Parks and recreation	1,915	-	1,915
Unrestricted	114,489	99,528	214,017
Total net position	<u>\$ 1,157,624</u>	<u>\$ 464,838</u>	<u>\$ 1,622,462</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Permits, Fees Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
General government	\$ 179,767	-	\$ -	\$ (179,767)	-	\$ (179,767)
Parks and recreation	54,199	-	17,838	(36,361)	-	(36,361)
Interest and fiscal charges	548	-	105,000	104,452	-	104,452
Total Governmental Activities	<u>234,514</u>	<u>-</u>	<u>122,838</u>	<u>(111,676)</u>	<u>-</u>	<u>(111,676)</u>
Business-type Activities:						
Water service program	19,098	36,230	-	-	17,132	17,132
Total	<u>\$ 253,612</u>	<u>\$ 36,230</u>	<u>\$ 122,838</u>	<u>\$ (111,676)</u>	<u>\$ 17,132</u>	<u>\$ (94,544)</u>
General revenues:						
Taxes:						
Property taxes				183,776	-	183,776
Specific ownership taxes				21,453	-	21,453
Investment earnings				1,307	1,122	2,429
Miscellaneous				39	-	39
Total general revenues				<u>206,575</u>	<u>1,122</u>	<u>207,697</u>
Change in net position				94,899	18,254	113,153
Net position - Beginning of year				1,062,725	446,584	1,509,309
Net position - End of year				<u>\$ 1,157,624</u>	<u>\$ 464,838</u>	<u>\$ 1,622,462</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2022**

	General	Total Governmental Fund
ASSETS		
Cash and investments - unrestricted	\$ 125,556	\$ 125,556
Cash and investments - restricted	1,915	1,915
Due from County Treasurer	1,675	1,675
Property tax receivable	183,000	183,000
TOTAL ASSETS	\$ 312,146	\$ 312,146
LIABILITIES		
Accounts payable	\$ 5,942	\$ 5,942
Total liabilities	5,942	5,942
DEFERRED INFLOWS OF RESOURCES		
Property tax revenues	183,000	183,000
Total deferred inflows of resources	183,000	183,000
FUND BALANCES		
Restricted for emergencies	6,800	6,800
Restricted for parks and recreation	1,915	1,915
Assigned for subsequent years' expenditures	94,874	94,874
Unassigned	19,615	19,615
TOTAL FUND BALANCES	123,204	123,204
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 312,146	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Fund.

Capital assets, net	1,034,420
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Net position of governmental activities	\$ 1,157,624
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These financial statements should be read only in connection with the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended December 31, 2022**

	General	Total Governmental Fund
REVENUES		
Property tax	\$ 183,776	\$ 183,776
Specific ownership tax	21,453	21,453
Conservation Trust Funds	1,231	1,231
Net investment income	1,307	1,307
Burn pit fees	900	900
Rental income	15,707	15,707
Miscellaneous	39	39
Total revenues	224,413	224,413
EXPENDITURES		
Administrative		
District manager	30,744	30,744
Office expense	3,045	3,045
Accounting and audit	1,800	1,800
Legal	21,104	21,104
Insurance	7,643	7,643
Dues	456	456
Community events	785	785
County Treasurer's fees	5,482	5,482
Training	180	180
Water augmentation facilities	1,847	1,847
Other administrative	4,630	4,630
Parks and recreation		
Maintenance	26,359	26,359
Utilities	27,124	27,124
Burn pit	716	716
Capital asset repairs	28,261	28,261
Debt Service		
Lease interest	2,217	2,217
Lease principal	84,363	84,363
Total expenditures	246,756	246,756
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(22,343)	(22,343)
OTHER FINANCING SOURCES (USES)		
Capital lease proceeds	105,000	105,000
NET CHANGE IN FUND BALANCES	82,657	82,657
FUND BALANCES - BEGINNING OF YEAR	40,547	40,547
FUND BALANCES - END OF YEAR	\$ 123,204	\$ 123,204

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities is as follows:

Net change in fund balances - Total governmental funds	<u>\$ 82,657</u>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	<u>(73,790)</u>
	<u>(73,790)</u>
Long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal or long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts represent these difference in the treatment of long-term debt and related items.	
Lease principal paid	<u>84,363</u>
	<u>84,363</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable	<u>1,669</u>
	<u>1,669</u>
Change in net position - Governmental activities	<u><u>\$ 94,899</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 184,153	\$ 183,776	\$ (377)
Specific ownership tax	20,000	21,453	1,453
Net investment income	300	1,307	1,007
Conservation trust funds	800	1,231	431
Burn pit fees	500	900	400
Rental income	10,125	15,707	5,582
Miscellaneous	300	39	(261)
Total Revenues	<u>216,178</u>	<u>224,413</u>	<u>8,235</u>
EXPENDITURES			
Current			
District manager	34,886	30,744	4,142
Office expense	3,550	3,045	505
Accounting and audit	1,800	1,800	-
Legal	21,192	21,104	88
Insurance	7,643	7,643	-
Dues	456	456	-
Community events	725	785	(60)
County Treasurer's fees	5,525	5,482	43
Other administrative	2,000	4,630	(2,630)
Training	180	180	-
Water augmentation facilities	1,847	1,847	-
Maintenance	30,740	26,359	4,381
Utilities	27,260	27,124	136
Burn pit	716	716	-
Capital outlay	30,000	28,261	1,739
Lease interest	544	2,217	(1,673)
Lease principal	86,036	84,363	1,673
Miscellaneous	37,560	-	37,560
Total Expenditures	<u>292,660</u>	<u>246,756</u>	<u>45,904</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(76,482)	(22,343)	54,139
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	-	105,000	105,000
NET CHANGE IN FUND BALANCES	(76,482)	82,657	159,139
FUND BALANCE - BEGINNING OF YEAR	140,000	40,547	(99,453)
FUND BALANCE - END OF YEAR	<u>\$ 63,518</u>	<u>\$ 123,204</u>	<u>\$ 59,686</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER SERVICE PROGRAM FUND
December 31, 2022**

ASSETS

Current Assets

Cash and cash equivalents	\$	100,213
Accounts receivable		35
Total current assets		100,248

Noncurrent Assets

Augmentation Water		365,310
Total assets		465,558

LIABILITIES

Current Liabilities

Accounts payable		425
Unearned revenue		295
Total current liabilities		720

NET POSITION

Investment in capital assets		365,310
Unrestricted		99,528
Total net position		\$ 464,838

These financial statements should be read only in connection with
the accompanying notes to financial statements

INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND - WATER SERVICE PROGRAM FUND
Year Ended December 31, 2022

OPERATING REVENUE	
Administrative fees	\$ 33,695
Late penalties	435
Application fees	<u>2,100</u>
Total operating revenue	<u>36,230</u>
OPERATING EXPENSES	
Bank fees	5
Office supplies	5
Postage and delivery	90
Program administrator	8,162
Audit	400
Water administration fee	3,784
Legal	389
Other professional fees	<u>6,263</u>
Total operating expenses	<u>19,098</u>
Gain from operations	<u>17,132</u>
NONOPERATING REVENUE (EXPENSES)	
Net investment income	<u>1,122</u>
Total nonoperating revenue (expenses)	<u>1,122</u>
CHANGE IN NET POSITION	18,254
NET POSITION - BEGINNING OF YEAR	<u>446,584</u>
NET POSITION - END OF YEAR	<u><u>\$ 464,838</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER SERVICE PROGRAM FUND
Year Ended December 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 36,515
Cash paid to vendors	(18,673)
Net cash provided by operating activities	<u>17,842</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Capital asset additions	(29,970)
Net cash required by capital financing activities	<u>(29,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,122
Net cash provided by investing activities	<u>1,122</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,006)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	111,219
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 100,213</u>
RECONCILIATION OF OPERATING GAIN TO CASH FLOWS REQUIRED BY OPERATING ACTIVITIES	
Net operating gain	\$ 17,132
Adjustments to reconcile gain from operations to net cash provided by operating activities:	
Effects of changes in operating assets and liabilities:	
Accounts receivable	(10)
Accounts payable	425
Unearned revenue	295
Net cash provided by operating activities	<u>\$ 17,842</u>

These financial statements should only be read in connection with
the accompanying notes to financial statements

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Indian Mountain Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Park County, Colorado. The District was established to construct and maintain parks and recreation facilities and to provide water services through the Indian Mountain Water Service Program.

The District has no employees and all operations and administrative functions are contracted.

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

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental 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.

The District reports the following major proprietary fund:

The Water Service Program Fund accounts for the revenues and expenses associated with maintaining the District's water augmentation services.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating expenses or capital contributions.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, golf course and trail improvements, buildings and shelters, playground equipment and furniture and fixtures are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Building and shelters	7 - 50 years
Roads	30 years
Playground equipment	10 years
Furniture and fixtures	5 - 20 years
Leased asset – Community Center	5 years

Augmentation Water

In order to provide water for 451 in-house use only wells of residents within the District, the District acquired the rights to 12.177 acre-feet of augmentation water from The Headwater Authority of the South Platte (HASP). Since the augmentation rights have a perpetual life, they are not amortized. See Note 11 – Intergovernmental Agreement with HASP.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue for property taxes to be collected in the subsequent period and therefore not yet available.

Fund Balances – Governmental Fund

The District’s governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cash and investments - unrestricted	\$ 125,556	\$ 100,213
Cash and investments - restricted	1,915	-
	<u>\$ 127,471</u>	<u>\$ 100,213</u>

Cash and investments as of December 31, 2022 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Deposits with Financial Institutions	\$ 97,966	\$ 34,024
Investments	29,505	66,189
	<u>\$ 127,471</u>	<u>\$ 100,213</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District's cash deposits had a bank balance of \$135,877 and carrying balance of \$131,990.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
CSAFE Cash Fund	Weighted average under 60 days	\$ 29,505
CSAFE Core Fund	Weighted average under 60 days	66,189
Total investments		<u>\$ 95,694</u>

CSAFE

At December 31, 2022, the District has invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the CSAFE. CSAFE operates similarly to a money market fund. CSAFE primarily invests in U.S. Treasury securities, agencies, repurchase agreements, bank deposits, AAAM rated SEC registered money-market funds and highly-rated commercial paper. CSAFE is rated AAAM by Standard and Poor's.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in CSAFE at yearend for which the investment valuations were determined as follows.

The CSAFE calculates the NAV as of the conclusion of each business day. The NAV is calculated by determining total assets, subtracting total liabilities from total assets, then dividing the result by the number of outstanding shares. Liabilities include all accrued expenses and fees, which are accrued daily. The NAV is calculated on an amortized cost basis as provided for by GASB Statement 79. CSAFE does not place any known limitations or restrictions such as notice periods or maximum transaction amounts on withdrawals. It is the goal of CSAFE to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by CSAFE and there can be no assurance that the NAV will not vary from \$1.00 per share.

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**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

Governmental Activities:	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 508,845	\$ -	\$ -	\$ 508,845
Golf course improvements	6,399			6,399
Trail improvements	6,000			6,000
Total capital assets, not being depreciated	<u>521,244</u>	<u>-</u>	<u>-</u>	<u>521,244</u>
Capital assets, being depreciated:				
Buildings and shelters	943,128	-	-	943,128
Roads	5,965	-	-	5,965
Playground equipment	8,677	-	-	8,677
Furniture and fixtures	26,376	-	-	26,376
Leased asset - Community Center	210,000	-	-	210,000
Total capital assets, being depreciated	<u>1,194,146</u>	<u>-</u>	<u>-</u>	<u>1,194,146</u>
Less accumulated depreciation for:				
Buildings and shelters	407,397	30,390	-	437,787
Roads	1,292	199	-	1,491
Playground equipment	9,545	-	-	9,545
Furniture and fixtures	20,946	1,201	-	22,147
Leased asset - Community Center	168,000	42,000	-	210,000
Total accumulated depreciation	<u>607,180</u>	<u>73,790</u>	<u>-</u>	<u>680,970</u>
Total capital assets, being depreciated depreciated, net	<u>586,966</u>	<u>(73,790)</u>	<u>-</u>	<u>513,176</u>
Capital assets, net	<u>\$1,108,210</u>	<u>\$ (73,790)</u>	<u>\$ -</u>	<u>\$ 1,034,420</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Augmentation water	<u>\$ 335,340</u>	<u>\$ 29,970</u>	<u>\$ -</u>	<u>\$ 365,310</u>

Depreciation expense of \$73,790 was charged to general government function in the Statement of Activities

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 – LEASES

The following is an analysis of the changes in the District’s lease for the year ended December 31, 2022.

	Balance December 31, 2021	New Issues	Retirements	Balance December 31, 2022
Lease Purchase - Community Center	\$ 84,363	\$ -	\$ 84,363	\$ -

On August 17, 2017, entered into a Lease Purchase Agreement with Park County (County) in the amount of \$210,000 which granted a leasehold interest in the Community Center to Park County. Park County paid \$210,000 in full to the District in 2018 to lease the Community Center. The payment received was set up as deferred income and recognized as lease proceeds equally over a five-year period. During 2022, the final \$42,000 was recognized as lease proceeds in the General Fund.

The District then subleased the Leased Property (Community Center) back from the County. The Agreement is subject to annual appropriation by the District. The Agreement requires annual payments of \$42,000 representing principal and interest at 2.0% to be paid to the County. The annual payments began January 1, 2019 and continue through January 1, 2023. During 2022, the District repaid the lease in full.

NOTE 6- DEBT AUTHORIZATION

The District has no authorized but unissued debt at December 31, 2022.

NOTE 7- FUND EQUITY

At December 31, 2022, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$6,800 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The restricted fund balance in the General Fund in the amount of \$1,915 is comprised of unspent Conservation Trust funds the District has received.

NOTE 8 - NET POSITION

The District has net position consisting of three components – invested in capital assets, net of related debt, restricted, and unrestricted.

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, invested in capital assets was \$1,034,420 for governmental activities and \$365,310 for business-type activities.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

Restricted:		
Emergencies	\$	6,800
Park and recreation		1,915
		8,715
	\$	8,715

The District's unrestricted net position at December 31, 2022 totaled \$214,017.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 5, 1998, a majority of the District's voters authorized the District to collect, retain and spend all revenue and other funds collected effective January 1, 1996 and continuing thereafter, without regard to any limitations under TABOR or any other law.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 11 – INTERGOVERNMENTAL AGREEMENT WITH HASP

In November 2021, the Second Amended and Restated Intergovernmental Agreement (Second Amended IGA) for the operation of the Indian Mountain Water Service Program was approved between the District and the Headwater Authority of the South Platte. The Second Amended IGA amends, restates and replaces the 2017 Intergovernmental Agreement for Lease and Purchase of Augmentation Water and for the Operation of the Indian Mountain Water Service Program and the 1st Amendment to the Intergovernmental Agreement for Lease and Purchase of Augmentation Water and for the Operation of the Indian Mountain Water Service Program.

HASP operates a water rights enterprise through which it sells augmentation water to customers throughout the HASP service areas. The District has entered into the various IGA's with HASP to acquire, over a period of time, the necessary augmentation water to replace depletions caused by pumping wells within the District. Property owners within the District are given the opportunity to participate in the District's Water Service Program but participation is not required.

During 2022, the District purchased an additional .999 acre feet of augmentation water from HASP for 37 in-house use only wells plus transit losses. As of December 31, 2022, the District had purchased a total of 12.177 acre feet of augmentation water which allows the District to augment 451 in-house use wells enrolled in the Water Service Program with up to .027 acre feet per well.

HASP authorizes the District to create a Reserve Fund in which to hold one or more in-house use only augmentation credits that shall be available to the District for reallocation to another landowner's well within the District. Each credit shall equal 0.027 acre feet, which is the volume needed to augment on in-house use only well. The District may hold no more than a total of 10 credits in the Reserve Fund at any one time. As of December 31, 2022, the District held 6 credits in the Reserve Fund.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
WATER SERVICE PROGRAM PROPRIETARY FUND
Year Ended December 31, 2022**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Administrative fees	33,300	\$ 33,695	\$ 395
Late penalties	-	435	435
Application fees	-	2,100	2,100
Net investment income	-	1,122	1,122
Total revenues	<u>33,300</u>	<u>37,352</u>	<u>4,052</u>
EXPENDITURES			
Bank fees	-	5	(5)
Office supplies	500	5	495
Postage and delivery	200	90	110
Program administrator	10,000	8,162	1,838
Audit	400	400	-
Water administration fee	9,000	3,784	5,216
Legal	3,000	389	2,611
Other professional fees	-	6,263	(6,263)
Capital outlay	30,000	29,970	30
Total expenditures	<u>53,100</u>	<u>49,068</u>	<u>4,032</u>
NET CHANGE IN FUNDS AVAILABLE	(19,800)	(11,716)	8,084
FUNDS AVAILABLE - BEGINNING OF YEAR	93,815	111,244	17,429
FUNDS AVAILABLE - END OF YEAR	<u>\$ 74,015</u>	<u>\$ 99,528</u>	<u>\$ 25,513</u>

Funds available at December 31, 2022 is computed as follows:

Current assets	\$ 100,248
Current liabilities	(720)
	<u>\$ 99,528</u>

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2022**

Revenue (budgetary basis)	<u>\$</u>	<u>37,352</u>
Revenues per Statements of Revenues, Expenses and Changes in Fund Net Position		<u>37,352</u>
Expenditures (budgetary basis)		49,068
Capital outlay		<u>(29,970)</u>
Expenses per Statements of Revenues, Expenses and Changes in Fund Net Position		<u>19,098</u>
Change in net position per Statements of Revenues, Expenses and Changes in Fund Net Position	<u>\$</u>	<u><u>18,254</u></u>

OTHER INFORMATION

**INDIAN MOUNTAIN METROPOLITAN DISTRICT
 FIVE YEAR SUMMARY OF ASSESSED VALUATION , MILL LEVY
 AND PROPERTY TAXES COLLECTED
 December 31, 2022**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Operations</u>	<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2018	\$ 19,076,240	6.952	\$ 132,618	\$ 132,496	99.9%
2019	\$ 19,190,690	6.943	\$ 133,241	\$ 133,106	99.9%
2020	\$ 21,369,130	6.943	\$ 148,366	\$ 144,897	97.7%
2021	\$ 21,602,400	6.943	\$ 149,985	\$ 148,676	99.1%
2022	\$ 26,523,513	6.943	\$ 184,153	\$ 183,776	99.8%
Estimated for year ending December 31, 2023	\$ 26,364,827	6.943	\$ 183,051		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.