
COLORADO MUNICIPAL LEAGUE
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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Independent Auditors' Report

Board of Directors
Colorado Municipal League
Denver, Colorado

Opinion

We have audited the financial statements of Colorado Municipal League, which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Municipal League as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Colorado Municipal League 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 opinion.

Responsibilities 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; 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.

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 Colorado Municipal League's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 auditors' report that includes our opinion. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Colorado Municipal League'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 Colorado Municipal League'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.

Other Matter

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. Management's discussion and analysis on pages i - iv and the budgetary comparison schedule on page 19, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

April 15 2024

COLORADO MUNICIPAL LEAGUE MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared by management and is designed to provide an analysis of the Colorado Municipal League's (CML) financial condition and operating results and to inform the reader on CML's financial issues and activities.

The CML Management Discussion and Analysis (MD&A) should be read in conjunction with the CML financial statements.

Financial Highlights

- In 2023, total net assets increased by \$141,278.
- Total revenues and support were \$3,321,476 in 2023, an increase of \$216,121 or 7%, from 2022.
- During 2023, total expenses were \$3,180,198, an increase of \$213,571, or 7.2%, compared to 2022.

Overview of the Financial Statements

The financial statements of CML are presented in its status as a nonprofit instrumentality of the cities and towns of the State of Colorado.

The *Statement of Financial Position* presents information on all of CML's assets and liabilities. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of CML is improving or deteriorating.

The *Statement of Activities* presents information which reflects how CML's net assets changed during the past year.

The *Statement of Cash Flows* reports CML's cash flows from operating, capital and investing activities.

The financial statements distinguish functions of CML that are principally supported by operating revenues, and non-operating revenues. The primary business of CML is providing services to our members in the areas of advocacy, information and training. The principal functions of CML include developing policy, advocacy of municipal interests, providing research, producing publications, conducting training, and providing information services and assistance to Colorado municipal officials.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

ASSETS			
Years ending December 31,	2023	2022	% Change
CURRENT ASSETS	\$2,820,108	\$3,088,752	-8.7%
NONCURRENT ASSETS	3,377,657	2,843,425	18.8%
TOTAL ASSETS	\$6,197,765	\$5,932,177	4.5%

LIABILITIES AND NET ASSETS			
Years ending December 31,	2023	2022	% Change
CURRENT LIABILITIES	\$665,854	\$541,544	23%
NET ASSETS			
Unrestricted	5,531,911	5,390,633	2.6%
TOTAL NET ASSETS & LIABILITIES	\$6,197,765	\$5,932,177	4.5%

As noted earlier, net assets may serve over time as a useful indicator of CML's financial position. As of December 31, 2023 CML's assets exceeded liabilities by \$5,531,911.

Change in Net Assets

Review of Revenue			
Years ending December 31,	2023	2022	% Change
REVENUES AND SUPPORT			
Membership Dues	\$2,367,044	\$2,283,158	3.7%
Annual Conference	646,169	629,832	2.6%
Publications	9,775	13,490	-27.5%
Workshops and meetings	71,860	64,900	9.2%
Investment income	181,602	67,827	167.7%
Other	45,026	46,148	-.3%
Total revenues and support	\$3,321,476	\$3,105,355	7%

Total revenue increased 7% in comparison to 2022. In 2023, municipal dues increased 3.7%. Annual conference and meetings revenue increased with an increase in sponsorship and registrations in a larger venue. Investment income increased due to rising interest rates.

Review of Expenses			
Years Ended December 31,	2023	2022	% Change
EXPENSES			
Program Expenses			
State and Federal Issues	\$872,072	\$861,828	1.2%
Annual Conference & Events	745,762	688,891	8.2%
Publications and Periodicals	406,240	369,519	9.9%
Advocacy & Legal Services	180,955	162,977	11%
Lessons on Local Government	30,946	29,454	4.7%
Support Services			
Administrative	799,560	689,547	16%
Building Occupancy Costs	144,663	164,211	-11.9%
TOTAL EXPENSES	\$3,180,198	\$2,966,627	7.2%
CHANGE IN NET ASSETS	\$141,278	\$138,728	1.8%
NET ASSETS, BEGINNING OF YEAR	\$5,390,633	\$5,251,905	2.6%
NET ASSETS, END OF YEAR	\$5,531,911	\$5,390,633	2.6%

CML's expenses increased by 7.2%, primarily due to increased expenses for annual conference, publications and administration costs. Net assets increased by \$141,278 in 2023, to a total of \$5,531,911.

Budgetary Highlights

CML prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of debt repayments as well as capital outlay. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect funds available. As shown on page 14, actual 2023 change in net assets of \$213,046 exceeded the budget of (\$256,851) by \$469,897.

Actual revenues were \$163,337 greater than budget and actual expenditures were \$306,560 less than budget.

Long-Term Debt

CML currently has no long term debt.

Capital Assets

During 2023 CML purchased capital assets totaling \$27,496. Additional detail on capital assets can be found in Note 3 to the Financial Statements.

Economic Factors and Next Year's Budget

The 2024 dues revenue budget reflects dues calculated based on the municipal dues schedule adopted by the Board and announced to the membership at the June 2022 Annual Business Meeting, and projects continuation of the current membership roster of cities and towns.

Requests for Information

This report is designed to provide a general overview of CML's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director or Finance & Administration Manager, Colorado Municipal League, 1144 Sherman St., Denver CO 80203

COLORADO MUNICIPAL LEAGUE

STATEMENT OF FINANCIAL POSITION

December 31, 2023 And 2022

Assets

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 1,736,424	\$ 1,499,604
Investments	943,000	1,472,000
Accounts receivable	25,352	26,133
Prepaid expenses	115,332	91,015
Total Current Assets	2,820,108	3,088,752
Investments	2,041,000	1,435,000
Property And Equipment, Net	1,336,657	1,408,425
Total Assets	\$ 6,197,765	\$ 5,932,177

Liabilities

Current Liabilities		
Accounts payable	\$ 39,319	\$ 33,779
Accrued expenses	1,624	996
Accrued vacation payable	75,459	62,936
Deferred revenue	549,452	443,833
Total Current Liabilities	665,854	541,544

Net Assets

Net Assets Without Donor Restrictions		
Board designated	2,429,559	2,238,613
Undesignated	3,102,352	3,152,020
Total Net Assets Without Donor Restrictions	5,531,911	5,390,633
Total Liabilities And Net Assets	\$ 6,197,765	\$ 5,932,177

COLORADO MUNICIPAL LEAGUE

STATEMENT OF ACTIVITIES

	Without Donor Restrictions	
	For The Years Ended December 31,	
	2023	2022
Revenues And Other Support		
Membership dues	\$ 2,367,044	\$ 2,283,158
Annual conference	646,169	629,832
Publications	9,775	13,490
Meetings	71,860	64,900
Investment income	181,602	67,827
Other	45,026	46,148
Total Revenues And Other Support	3,321,476	3,105,355
Expenses		
Program services:		
State and federal issues	872,072	861,828
Annual conference and events	745,762	688,981
Publications and periodicals	406,240	369,519
Advocacy and legal services	180,955	162,977
Lessons on Local Government website	30,946	29,564
Total Program Services	2,235,975	2,112,869
Support services:		
Administrative	799,560	689,547
Building occupancy costs	144,663	164,211
Total Support Services	944,223	853,758
Total Expenses	3,180,198	2,966,627
Change In Net Assets	141,278	138,728
Net Assets - Beginning Of Year	5,390,633	5,251,905
Net Assets - End Of Year	\$ 5,531,911	\$ 5,390,633

COLORADO MUNICIPAL LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2023

	Program Services				Support Services				Total	
	State And Federal Issues	Annual Conference And Events	Publications And Periodicals	Advocacy And Legal Service	Lessons On Local Government	Programs	Administrative	Building Occupancy		Total Support Services
Expenses										
Salaries and benefits	\$ 670,853	\$ 236,001	\$ 178,174	\$ 138,759	\$ 538	\$ 1,224,305	\$ 597,274	\$ 9,067	\$ 606,341	\$ 1,830,646
Building occupancy	—	—	—	—	—	—	—	134,435	134,435	134,435
Depreciation	36,375	12,797	9,661	7,524	29	66,386	32,386	492	32,878	99,264
Professional services	12,819	4,020	36,792	3,475	—	57,106	29,656	66	29,722	86,828
Office expense and information technology	107,974	33,821	28,040	30,178	—	200,013	95,817	514	96,331	296,344
Printing and postage	890	10,114	151,058	84	—	162,146	4,384	4	4,388	166,534
Meetings and travel and entertainment	43,181	16,814	2,515	935	—	63,445	33,199	85	33,284	96,729
Annual conference, workshops and outreach	—	432,195	—	—	—	432,195	—	—	—	432,195
Direct program expenses	—	—	—	—	30,379	30,379	6,844	—	6,844	37,223
Total Expenses	\$ 872,072	\$ 745,762	\$ 406,240	\$ 180,955	\$ 30,946	\$ 2,235,975	\$ 799,560	\$ 144,663	\$ 944,223	\$ 3,180,198

For The Year Ended December 31, 2022

	Program Services				Support Services				Total	
	State And Federal Issues	Annual Conference And Events	Publications And Periodicals	Advocacy And Legal Service	Lessons On Local Government	Programs	Administrative	Building Occupancy		Total Support Services
Expenses										
Salaries and benefits	\$ 664,252	\$ 236,459	\$ 173,550	\$ 125,314	\$ 1,661	\$ 1,201,236	\$ 518,755	\$ 9,060	\$ 527,815	\$ 1,729,051
Building occupancy	—	—	—	—	—	—	—	154,092	154,092	154,092
Depreciation	43,562	15,507	11,381	8,218	109	78,777	34,020	594	34,614	113,391
Professional services	10,681	4,518	36,913	2,312	—	54,424	15,075	—	15,075	69,499
Office expense and information technology	110,861	35,078	26,520	25,844	43	198,346	91,072	465	91,537	289,883
Printing and postage	2,505	11,717	118,371	252	—	132,845	4,305	—	4,305	137,150
Meetings and travel and entertainment	29,967	20,129	2,784	1,037	—	53,917	20,530	—	20,530	74,447
Annual conference, workshops and outreach	—	365,573	—	—	—	365,573	—	—	—	365,573
Direct program expenses	—	—	—	—	27,751	27,751	5,790	—	5,790	33,541
Total Expenses	\$ 861,828	\$ 688,981	\$ 369,519	\$ 162,977	\$ 29,564	\$ 2,112,869	\$ 689,547	\$ 164,211	\$ 853,758	\$ 2,966,627

See the notes to financial statements.

COLORADO MUNICIPAL LEAGUE

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2023	2022
Cash Flows From Operating Activities		
Cash received from members	\$ 2,473,444	\$ 2,300,412
Cash received from publications, annual conference and meetings	727,804	708,222
Cash received from others	226,628	113,975
Cash payments to employees	(1,474,897)	(1,396,681)
Cash payments to suppliers	(1,611,663)	(1,455,804)
Net Cash Provided By Operating Activities	341,316	270,124
Cash Flows From Investing Activities		
Purchases of capital assets	(27,496)	(22,157)
Purchases of investment securities	(1,549,000)	(405,000)
Redemption of investment securities	1,472,000	354,000
Net Cash Used In Investing Activities	(104,496)	(73,157)
Net Increase In Cash	236,820	196,967
Cash - Beginning Of Year	1,499,604	1,302,637
Cash - Ending Of Year	\$ 1,736,424	\$ 1,499,604

COLORADO MUNICIPAL LEAGUE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 And 2022

1. Summary Of Significant Accounting Policies

The Colorado Municipal League (CML) was formed in 1923 and incorporated as a nonprofit organization in 1944. CML is an advocate of municipal interests on state and federal policies affecting municipalities and functions as a source of information for municipal officials. CML is supported primarily by membership dues and conference revenue.

CML follows generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

CML operates as an instrumentality of its member municipalities under the provisions of Colorado Revised Statutes, Section 29-1-401.

CML's membership is voluntary and included approximately 270 municipalities during 2023 and 2022.

Basis Of Presentation

The accompanying financial statements are presented in accordance with GAAP, which requires CML to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CML's management and executive board.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of December 31, 2023 and 2022, CML reported only net assets without donor restrictions.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements *(Continued)*

Functional Allocation Of Expenses

The accompanying financial statements report certain categories of expenses that are attributable to more than one program or support function. Those expenses include staff salaries and benefits, office supplies, insurance, bank charges, phones, equipment maintenance, postage, printing, technology, meetings, staff development and travel, professional services, other administrative expenses and certain consulting fees. These costs are allocated on the basis of time and effort reported to programs.

Use Of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Cash

CML continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of December 31, 2023 and 2022 and periodically throughout the years, CML had balances in various operating accounts in excess of federally insured limits.

Prepaid Expenses

Payments made to vendors for services which will benefit subsequent periods are recorded as prepaid expenses.

Property And Equipment

Property and equipment includes land, buildings and improvements, equipment, furniture and vehicles. Property and equipment is defined by CML as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated property and equipment 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 asset lives are not capitalized.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Property and equipment of CML are depreciated using the straight-line method over the following estimated useful lives.

Building and improvements	15 - 40 years
Equipment, furniture and vehicles	3 - 7 years

Revenue Recognition

CML accounts for revenue recognition in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which CML expects to be entitled in exchange for those goods or services. The core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract and (5) recognize revenue as performance obligations are satisfied.

CML's revenue streams are generally comprised of membership dues, events and sponsorships, publications and other program revenues. The transaction price is allocated to each product or service sold and is the amount of consideration to which CML expects to be entitled in exchange for those goods or services. No consideration is variable as there are no price curves for volume purchasing and any increases or decreases in goods or services are at stand-alone selling prices of those goods or services.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

The following table represents CML's revenue streams by type for the years ended December 31:

	December 31,	
	2023	2022
Municipal dues	\$ 2,241,404	\$ 2,168,591
Associate member dues	125,640	114,567
Total Membership Dues Revenues	2,367,044	2,283,158
Annual conference sponsorship	302,900	267,475
Annual conference registrations and ticketed events	343,269	362,357
Total Annual Conference Revenues	646,169	629,832
Magazine advertising	4,000	10,775
Publication sales	5,495	2,595
Magazine subscriptions	280	120
Total Publications Revenues	9,775	13,490
Workshop sponsorship	4,825	3,275
Workshop registrations	67,035	61,625
Total Meetings Revenues	71,860	64,900
Investment income	181,602	67,827
Mailing label sales	680	805
Program revenue	16,600	17,584
Partnership revenue	27,746	27,759
Total Other Revenues	45,026	46,148
Total Revenue	\$ 3,321,476	\$ 3,105,355

Membership Dues Revenue

CML receives nonrefundable annual membership revenue from municipal and associate members. Memberships cover a calendar-year period, and CML recognizes revenue from memberships within the calendar year that the membership represents and as services are provided. Municipal dues services include advocacy, policy development, legal inquiry service, listservs, annual bimonthly magazine subscriptions, one free copy of newly released publications and discounted event registration fees. Associate member dues services include annual quarterly magazine subscriptions, discounted sponsorship rates, discounted event registration fees and networking opportunities. Payments made in advance of the January 1st start of the membership year are deferred and presented as a liability on the statement of financial position.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Annual Conference Sponsorship

CML receives nonrefundable sponsorship revenue for the annual conference, workshops and other events from associate members and other nonmember business and government entities. Sponsorship revenue is recognized at a point in time when services are rendered or the event is held. Sponsorship services include listings in CML communications, event program and materials and name badges with access to conference or workshop events and sessions. Some sponsorship levels receive exhibit tables and tickets to sponsored events.

Registration And Ticketed Events Revenue

CML receives registration from municipal and associate members and nonmembers for the CML annual conference, workshops and other events. Registration revenue is recognized at a point in time when the event is held. Registrations may be canceled up to one week in advance and after this time become nonrefundable. Registration revenue received in advance of the event is deferred.

Magazine Advertising

CML receives advertising revenue from businesses, governments and organizations that contract to place advertising in CML's bimonthly magazine, *Colorado Municipalities*. Advertising revenue is recognized at a point in time when the magazine issue is completed and shipped to members.

Publication And Mailing Label Sales

CML receives revenue from the sale of publications to members and nonmembers. Mailing labels are sold only to municipal and associate members. Revenue is recognized at a point in time when the publications or mailing labels are shipped or delivered to the customer.

Magazine Subscriptions

CML receives revenue from subscriptions to the *Colorado Municipalities* magazine from libraries and other nonmember organizations. Revenue is recognized over time as each issue of the magazine is shipped. Payments made in advance of the January 1st start of the subscription year are deferred.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Program Revenue

CML receives program revenue from other organizations that contract to assist in funding the Municipal Clerks Advisory and Lessons on Local Government programs. Partner organizations are billed for their share of the expenses during the year. When the contract involves multiple elements, the contract price is allocated to each performance obligation based on its relative fair value.

Partnership Revenue

CML receives Partnership revenue from select organizations who contract to offer premier or discounted services to CML municipal members on an annual renewable basis. Partner organizations receive a complimentary associate membership, conference sponsorship and magazine advertising opportunities. CML receives a flat annual fee or a percentage of sales revenue from the partner organization. This revenue is recognized over the annual contract period.

Deferred Revenue

CML records deferred revenue when cash payments are received in advance of the related performance obligation. In the years ended December 31, 2023 and 2022, CML recognized revenue of \$443,833 and \$411,633, respectively, primarily for municipal and associate member dues that was included in the deferred revenue balance. Deferred revenue for the municipal and associate member dues paid in advance as of December 31, 2023 and 2022 was \$545,852 and \$418,033, respectively. Deferred revenue for conference sponsorship paid in advance as of December 31, 2023 and 2022 was \$3,600 and \$25,800, respectively.

Income Tax Status

CML is exempt from federal income taxes as a wholly owned instrumentality of its member municipalities, which are political subdivisions of the State of Colorado.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

2. Liquidity And Availability

The following represents CML's financial assets at December 31:

	December 31,	
	2023	2022
Financial Assets At Year End		
Cash	\$ 1,736,424	\$ 1,499,604
Investments - short term	943,000	1,472,000
Investments - long term	2,041,000	1,435,000
Accounts receivable	25,352	26,133
Total Financial Assets	4,745,776	4,432,737
Less Amounts Not Available To Be Used Within One Year		
Board-designated net assets	2,429,559	2,238,613
Financial Assets Available To Meet General Expenditures Over The Next 12 Months	\$ 2,316,217	\$ 2,194,124

As of December 31, 2023, CML had \$2,316,217 in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date. Investments - long term, consist of certificates of deposit that, although they mature on dates beyond December 31, 2024, are included in resources available to meet obligations throughout 2024 as CML has the ability to liquidate them, subject to penalty, on demand.

CML's goal is to maintain financial assets to meet at least six months of operating expenses (approximately \$1.6 million at December 31, 2023). As part of its liquidity plan, excess cash is invested in certificates of deposit with varying maturity dates.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

3. Investments

CML investments in Colorado Local Government Liquid Asset Trust (COLOTRUST) are rated AAAM by Standard & Poor’s, Fitch’s and Moody’s Investor Service. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements for creating and operating the pool. The pool operates similar to a money market fund with each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by participants.

COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments and does not have any unfunded commitments, redemption restrictions or redemption notice periods. As of December 31, 2023, CML had \$1,537,121 invested in COLOTRUST, with a rating of AAAM. Separately issued financial statements for COLOTRUST may be obtained at their website at www.colotrust.com.

Investments

As of December 31, 2023, CML’s investment portfolio had a maturity value of \$2,984,000 with a book yield of 3.17%. The portfolio is invested in certificates of deposit across several banks in individual amounts equal to or less than \$250,000 to provide full Federal Deposit Insurance Corporation insurance per instrument. CML intends to hold these certificates to maturity; and therefore, the certificates are reported at amortized cost.

Investment maturities at December 31, 2023 are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 943,000
2025	492,000
2026	814,000
2027	245,000
2028	490,000
	<u>\$ 2,984,000</u>

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

4. Property And Equipment

Property and equipment consists of the following:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 300,000	\$ 300,000
Building and improvements	2,388,636	2,361,140
Equipment and furniture	650,073	650,073
	<u>3,338,709</u>	<u>3,311,213</u>
Accumulated depreciation	(2,002,052)	(1,902,788)
Property And Equipment, Net	\$ 1,336,657	\$ 1,408,425

5. Net Assets

The CML Executive Board has internally designated net assets at December 31, 2023 and 2022 as follows:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Board-Designated Net Assets		
Building and capital reserve	\$ 462,983	\$ 431,373
Ballot issues	124,829	124,829
Capacity building fund	230,010	201,496
Designated operating reserve	1,611,737	1,480,915
Total Board-Designated Net Assets	\$ 2,429,559	\$ 2,238,613

The board-designated funds are available for the following purposes:

Building And Capital Reserve: To provide a source of funds for the repair of the CML building and fixtures and for the acquisition of building improvements and fixtures

Ballot Issues: To provide funds for ballot issue participation. This reserve fund is made up of private sector funds and does not include any public moneys.

Capacity Building Fund: To provide funds for opportunities that further the mission of CML and as a source of internal funds for organizational capacity building or investment in technology that builds long-term capacity

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Designated Operating Reserve: To provide a cushion against unexpected events and expenses, uninsured losses and losses of income

6. Employee Benefit Plans

Money Purchase Plan

CML contributes to a single-employer defined contribution money purchase pension plan (the Plan) on behalf of its employees. CML is required to contribute 5% of each participating employee's compensation, and each employee must contribute 1% to 5% of his/her compensation, depending on length of employment. The contribution requirements of CML and eligible employees are established and may be amended by the CML Executive Board.

Employees are eligible to participate in the Plan the first of the month following employment and become fully vested after five years of service.

For the years ended December 31, 2023 and 2022, CML made the required contributions, totaling \$68,012 and \$64,955, respectively, to the Plan. All of the Plan investments are managed by the International City Management Association Retirement Corporation, an outside administrator.

Deferred Compensation Plan

CML offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. CML contributes 1% of compensation for each employee who has at least five years of service, with employees required to contribute 1% and increasing by 1% for each additional five years of completed service. Employees may contribute up to 5% at anytime during years one through five. This deferred compensation plan permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the years ended December 31, 2023 and 2022, CML made contributions totaling \$13,151 and \$11,718, respectively, to the deferred compensation plan.

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Notes To Financial Statements *(Continued)*

7. Risks And Uncertainties

CML is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. CML maintains commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Supplementary Information

COLORADO MUNICIPAL LEAGUE

BUDGETARY COMPARISON SCHEDULE - NON-GAAP BUDGETARY BASIS

For The Year Ended December 31, 2023
(With Summarized Comparative Actual Amounts
For The Year Ended December 31, 2022)

	2023			2022
	Actual	Budget	Variance	Actual
Revenues				
Membership dues	\$ 2,367,044	\$ 2,329,354	\$ 37,690	\$ 2,283,158
Annual conference	646,169	639,210	6,959	629,832
Publications	9,775	19,200	(9,425)	13,490
Meetings	71,860	58,875	12,985	64,900
Investment income	181,602	68,000	113,602	67,827
Other	45,026	43,500	1,526	46,148
Total Revenues	3,321,476	3,158,139	163,337	3,105,355
Expenditures				
Salaries and related costs	1,830,646	1,953,444	(122,798)	1,729,051
Building occupancy costs	134,435	205,990	(71,555)	154,092
Building and equipment purchases	27,496	—	27,496	22,157
Professional services	86,828	102,750	(15,922)	69,499
Office expense and information technology	296,344	342,600	(46,256)	289,883
Printing and postage	166,534	186,445	(19,911)	137,150
Meetings, travel and staff development	96,729	138,100	(41,371)	74,447
Annual conference, workshops and outreach	432,195	453,161	(20,966)	365,573
Direct program expenses	37,223	32,500	4,723	33,541
Total Expenditures	3,108,430	3,414,990	(306,560)	2,875,393
Change In Net Assets - Budgetary	213,046	\$ (256,851)	\$ 469,897	229,962
Reconciliation To GAAP Basis				
Add: Capital outlay	27,496			22,157
Less: Depreciation and amortization	(99,264)			(113,391)
Change In Net Assets - GAAP Basis	\$ 141,278			\$ 138,728

Note: A positive variance is favorable, a negative variance is unfavorable.