

Chatfield Corners Metropolitan District

Annual Financial Report

December 31, 2020

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Report of Independent Certified Public Accountants

To the Board of Directors
Chatfield Corners Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of Chatfield Corners Metropolitan 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major funds of Chatfield Corners Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the 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. 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 Chatfield Corners Metropolitan 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 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 Chatfield Corners Metropolitan District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Chatfield Corners Metropolitan 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 Chatfield Corners Metropolitan District's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chatfield Corners Metropolitan District's financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haynie & Company

Littleton, Colorado
June 29, 2021

Chatfield Corners Metropolitan District Management's Discussion and Analysis December 31, 2020

As management of Chatfield Corners Metropolitan District (“District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

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

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

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

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

The governmental activity of the District is the administration of the District as well as providing financing through municipal bonds for the infrastructure within the District. The business-type activities of the District include raw-water irrigation distribution for the constituents within the District. The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General and Debt Service Funds. Budgetary comparison schedules have been provided for both the General Fund and Debt Service Fund on pages 6 and 21 of this report to demonstrate compliance with these budgets.

Proprietary fund: The District has a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for the operation of its raw-water irrigation distribution system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 7 through 9 of this report.

The District adopts an annual appropriated budget for its Proprietary Fund. A Budgetary comparison schedule has been provided on page 22 of this report to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 10 of this report.

Government-wide Financial Analysis. The following table shows a condensed statement of net position as of December 31, 2020 derived from the government-wide financial statements.

**Chatfield Corners Metropolitan District
Net Position**

	2020		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current and other assets	\$ 626,953	\$ 296,792	\$ 923,745
Capital assets	<u>164,840</u>	<u>89,097</u>	<u>253,937</u>
Total assets	<u>791,793</u>	<u>385,889</u>	<u>1,177,682</u>
Liabilities:			
Current liabilities	155,704	-	155,704
Long term and other liabilities	<u>2,282,065</u>	<u>-</u>	<u>2,282,065</u>
Total liabilities	<u>2,437,469</u>	<u>-</u>	<u>2,437,469</u>
Deferred Inflows of Resources:			
Deferred property taxes	278,273	-	278,273
Net Position:			
Invested in capital assets, net of related debt	(2,241,688)	89,097	(2,152,591)
Restricted	2,751	-	2,751
Debt Service	56,558	-	56,558
Assigned	-	244,965	244,965
Unrestricted	<u>258,130</u>	<u>51,827</u>	<u>309,957</u>
Total net position	<u>\$ (1,924,249)</u>	<u>\$ 385,889</u>	<u>\$ (1,538,360)</u>

The changes in net position for the years ended December 31, 2020 is summarized in the following table:

**Chatfield Corners Metropolitan District
Statement of Activities**

	2020		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
Charges for services	\$ -	\$ 73,970	\$ 73,970
Property taxes	299,172	-	299,172
Interest and other income	<u>24,153</u>	<u>4,529</u>	<u>28,682</u>
Total Revenues	<u>323,325</u>	<u>78,499</u>	<u>401,824</u>
Expenses:			
General government	53,493	-	53,493
Parks and recreation	67,595	-	67,595
Debt service	166,953	-	166,953
Water	<u>-</u>	<u>119,574</u>	<u>119,574</u>
Total Expenses	<u>288,041</u>	<u>119,574</u>	<u>407,615</u>
Other:			
Interfund transfers	(22,500)	22,500	-
Change in Net Position	12,784	(18,575)	(5,791)
Net Position - Beginning	<u>(1,937,033)</u>	<u>404,464</u>	<u>(1,532,569)</u>
Net Position – Ending	<u>\$ (1,924,249)</u>	<u>\$ 385,889</u>	<u>\$ (1,538,360)</u>

Financial Analysis of the District's Funds

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

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

General Fund revenues and were \$115,101 in 2020. The revenues were primarily from property taxes collected from the constituents of the District. Primary expenditures of the General Fund are for operations of the District. The operating expenditures of the General Fund totaled \$91,716.

Debt Service revenues are generated from property taxes and transfers of tap fees from the Proprietary Fund, both of which are used to pay the debt service on the bonds. At this point only a few tap fees remain unpaid for vacant lots. The fund balance of the debt service fund increased by \$12,323 as a result of the bond refunding and repayment of amounts owed on the previous bond.

At the end of 2020, the District's governmental funds reported combined ending fund balance of \$317,439.

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

The District's Enterprise Fund was established to account for the operations of the District's raw-water irrigation system. In 2020, while the enterprise fund net position decreased by \$18,575, it was primarily related to the recognition of depreciation which is a non-cash item. Prior to recognition of depreciation expense, the net position of the enterprise fund decreased \$2,657.

Budget variances: Budget to actual schedules for the General, Debt Service, and Enterprise Funds can be found on pages 6, 21 and 22 of this report.

Capital assets: All of the infrastructure which was paid for by the District has been conveyed to the Town of Gypsum except for certain park and recreation assets plus the raw water irrigation system. More detailed information on these assets and the related accumulated depreciation can be found in the Notes to the Financial Statements on pages 16 and 17 of this report.

Long-term debt: In 2020 the District refunded the 2010 General Obligation Bonds and issued the 2020 Refunding Bonds to obtain a more favorable interest rate. Details regarding the District's long-term debt can be found beginning on page 17 of this report.

Economic Conditions and Outlook

The County Assessor reassessed the value of the property in the District effective January 1, 2021 and the revaluation will be used to set the 2021 property taxes payable in 2022. While the reassessments are still subject to protest by taxpayers, the preliminary valuations reflect a minimal increase in the District's assessed value. In December 2018, the Town of Gypsum approved an adjustment to De-Gallegherize the District's Operations and Maintenance mill levy rate. While the 2022 budgets have not been set yet, the District anticipates that the District's property tax revenues will stay the same.

Request for Information:

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chatfield Corners Metropolitan District, c/o Marchetti & Weaver LLC, 28 Second Street, Suite 213, Edwards, CO 81632, (970) 926-6060.

Basic Financial Statements

Chatfield Corners Metropolitan District
Statement of Net Position
December 31, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and investments - unrestricted	\$ 287,112	\$ 291,412	\$ 578,524
Cash and investments - restricted	55,769	-	55,769
Receivable - County Treasurer	1,199	-	1,199
Accounts receivable	-	5,380	5,380
Prepaid expenses	4,600	-	4,600
Property taxes receivable	278,273	-	278,273
Capital assets, net of depreciation:	<u>164,840</u>	<u>89,097</u>	<u>253,937</u>
Total assets	<u>791,793</u>	<u>385,889</u>	<u>1,177,682</u>
Liabilities			
Accounts payable	6,941	-	6,941
Deposits and working capital fund	24,300	-	24,300
Accrued interest payable	4,463	-	4,463
Long-term liabilities:			
Due within one year	120,000	-	120,000
Due in more than one year	<u>2,282,065</u>	<u>-</u>	<u>2,282,065</u>
Total liabilities	<u>2,437,769</u>	<u>-</u>	<u>2,437,769</u>
Deferred Inflows of Resources			
Deferred property taxes	<u>278,273</u>	<u>-</u>	<u>278,273</u>
Total liabilities	<u>278,273</u>	<u>-</u>	<u>278,273</u>
Net Position			
Net investment in capital assets	(2,241,688)	89,097	(2,152,591)
Restricted for:			
Emergencies	2,751	-	2,751
Debt service	56,558	-	56,558
Assigned	-	244,965	244,965
Unrestricted	<u>258,130</u>	<u>51,827</u>	<u>309,957</u>
Total Net Position	<u>(1,924,249)</u>	<u>385,889</u>	<u>(1,538,360)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 791,793</u>	<u>\$ 385,889</u>	<u>\$ 1,177,682</u>

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

Chatfield Corners Metropolitan District
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 52,093	\$ -	\$ -	\$ -	\$ (52,093)	\$ -	\$ (52,093)
Parks and recreation	68,995				(68,995)	-	(68,995)
Interest and related costs on long term debt	166,953	-	-	-	(166,953)	-	(166,953)
	<u>288,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(288,041)</u>	<u>-</u>	<u>(288,041)</u>
Business-type activities							
Water and sewer	119,574	73,970	-	-	-	(45,604)	(45,604)
	<u>119,574</u>	<u>73,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,604)</u>	<u>(45,604)</u>
General revenues:							
Property taxes					299,172	-	299,172
Specific ownership taxes					14,851	-	14,851
Miscellaneous income					3,110	-	3,110
Investment income					6,192	4,529	10,721
Interfund transfers					(22,500)	22,500	-
Total general revenues and transfers					<u>300,825</u>	<u>27,029</u>	<u>327,854</u>
Change in net position					12,784	(18,575)	(5,791)
Net position - beginning of year					(1,937,033)	404,464	(1,532,569)
Net position - end of year					<u>\$ (1,924,249)</u>	<u>\$ 385,889</u>	<u>\$ (1,538,360)</u>

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

Chatfield Corners Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2020

	General Fund	Debt Service Fund	Total
Assets			
Cash and investments - unrestricted	\$ 287,112	\$ -	\$ 287,112
Cash and investments - restricted	-	55,769	55,769
Receivable - County Treasurer	410	789	1,199
Prepaid expenses	4,600	-	4,600
Property taxes receivable	102,770	175,503	278,273
Total assets	394,892	232,061	\$ 626,953
Liabilities			
Accounts payable	6,941	-	6,941
Deposits and working capital fund	24,300	-	24,300
Total liabilities	31,241	-	31,241
Deferred Inflows of Resources			
Deferred property taxes	102,770	175,503	278,273
Total liabilities	102,770	175,503	278,273
Fund Balances			
Non-spendable	4,600	-	4,600
Restricted for emergencies	2,751	-	2,751
Assigned for debt service	-	56,558	56,558
Unassigned	253,530	-	253,530
Total Fund Balances	260,881	56,558	317,439
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 394,892	\$ 232,061	\$ 626,953

Total governmental fund balance per above \$ 317,439

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds. 164,840

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds payable	(2,380,000)
Deferred amount on refunding	(22,065)
Accrued interest payable	(4,463)

Net position of governmental activities \$ (1,924,249)

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

Chatfield Corners Metropolitan District
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:			
Property taxes	102,293	196,879	\$ 299,172
Specific ownership taxes	5,078	9,773	14,851
Miscellaneous income	3,110	-	3,110
Investment income	4,620	1,572	6,192
Total General Revenues	<u>115,101</u>	<u>208,224</u>	<u>323,325</u>
Expenses:			
General government			
Accounting, administrative management and audit	42,453	-	42,453
Treasurer's fees	3,069	5,906	8,975
Director's fees	1,650	-	1,650
Dues and memberships	460	-	460
Insurance	4,868	-	4,868
Legal and professional fees	5,314	-	5,314
Other expenses	17,719	-	17,719
Allocated overhead	(29,346)	-	(29,346)
Parks and recreation			
Repairs and maintenance	45,529	-	45,529
Debt service			
Bond principal	-	80,000	80,000
Bond interest	-	114,712	114,712
Bond issuance costs	-	57,137	57,137
Paying agent and other fees	-	200	200
Total Expenditures	<u>91,716</u>	<u>257,955</u>	<u>349,671</u>
Excess (Deficiency) of Revenues over expenditures	23,385	(49,731)	(26,346)
Other financing sources/uses:			
Transfer of specific ownership taxes	2,946	(2,946)	-
Transfer from (to) water fund	(22,500)	-	(22,500)
Bond proceeds	-	2,380,000	2,380,000
Bond refunding	-	(2,315,000)	(2,315,000)
Total other financings sources/uses	<u>(19,554)</u>	<u>62,054</u>	<u>42,500</u>
Net change in fund balance	3,831	12,323	16,154
Fund balances:			
Beginning of the year	<u>257,050</u>	<u>44,235</u>	<u>301,285</u>
End of the year	<u>\$ 260,881</u>	<u>\$ 56,558</u>	<u>\$ 317,439</u>

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

Chatfield Corners 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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance—total governmental funds	\$	16,154
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure; however, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Depreciation		(23,466)
<p>Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 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.</p>		
Bond proceeds		(2,380,000)
Bond principal payments		2,395,000
Change in accrued interest on long-term debt		<u>5,096</u>
Change in net position of governmental activities	\$	<u>12,784</u>

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

Chatfield Corners Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 102,296	\$ 102,293	\$ (3)
Specific ownership taxes	4,603	5,078	475
Miscellaneous income	2,750	3,110	360
Investment income	5,086	4,620	(466)
Total revenues	114,735	115,101	366
Expenditures:			
General government			
Accounting, administrative management and audit	31,010	42,453	(11,443)
Treasurer's fees	3,069	3,069	-
Director's fees	1,125	1,650	(525)
Dues and subscriptions	476	460	16
Insurance	5,438	4,868	570
Legal and professional fees	6,180	5,314	866
Other expenses	18,055	17,719	336
Allocated overhead	(25,825)	(29,346)	3,521
Public works			
Repairs and maintenance	69,215	45,529	23,686
Total Expenditures	108,743	91,716	17,027
Excess revenue over (under) expenditures	5,992	23,385	17,393
Other sources (uses):			
Transfer of specific ownership taxes	2,953	2,946	(7)
Transfer from (to) water fund	(5,992)	(22,500)	(16,508)
Total other sources (uses)	(3,039)	(19,554)	(16,515)
Change in fund balance	2,953	3,831	878
Fund Balance—Beginning of year	254,307	257,050	2,743
Fund Balance—End of Year	\$ 257,260	\$ 260,881	\$ 3,621

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

Chatfield Corners Metropolitan District
Statement of Net Position
Proprietary Fund Type—Water Enterprise Fund
December 31, 2020

Assets	Business-Type Activities
Cash and investments - unrestricted	\$ 291,412
Accounts receivable	5,380
Capital assets, net of depreciation:	<u>89,097</u>
Total assets	<u>385,889</u>
Net Assets	
Net investment in capital assets	89,097
Assigned	244,965
Unrestricted	<u>51,827</u>
Total Net Position	<u>385,889</u>
Total Liabilities and Net Position	<u><u>\$ 385,889</u></u>

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

Chatfield Corners Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type—Water Enterprise Fund
For the Year Ended December 31, 2020

Operating Revenues	
Water use fees	\$ 73,970
Total operating revenues	<u>73,970</u>
Operating Expenses	
Water operating expenses	74,310
Allocated overhead from General Fund	29,346
Depreciation expense	<u>15,918</u>
Total operating expenses	<u>119,574</u>
Loss from operations	(45,604)
Investment income	4,529
Transfer from General Fund	<u>22,500</u>
Change in Net Position	(18,575)
Net Position—Beginning of Year	<u>404,464</u>
Net Position—End of Year	<u><u>\$ 385,889</u></u>

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

Chatfield Corners Metropolitan District
Statement of Cash Flows
Proprietary Fund Type—Water Enterprise Fund
For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Cash received from customers	\$ 73,748
Cash paid to suppliers for goods and services	(74,310)
Cash paid to General Fund for allocated overhead	(29,346)
Transfer from General Fund	<u>22,500</u>
Net cash provided by operating activities	<u>(7,408)</u>
 Cash Flows from Investing Activities	
Investment income	<u>4,529</u>
Net cash provided by investing activities	<u>4,529</u>
Net Increase in Cash and Cash Equivalents	(2,879)
Cash and Cash Equivalents—Beginning of Year	<u>294,291</u>
Cash and Cash Equivalents—End of Year	<u><u>\$ 291,412</u></u>
 Reconciliation of Net Operating Loss to	
Net Cash From Operating Activities:	
Net Operating Loss	\$ (45,604)
Adjustments to Reconcile Net Operating Loss to Net	
Cash Used by Operating Activities:	
Depreciation	15,918
Transfer from General Fund	22,500
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	<u>(222)</u>
Total Adjustments	<u>38,196</u>
Net Cash Provided by Operating Activities	<u><u>\$ (7,408)</u></u>

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

Chatfield Corners Metropolitan District

Notes to Financial Statements

December 31, 2020

1. Definition of Reporting Entity

Chatfield Corners Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on March 12, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District's service area is located in the Town of Gypsum, Eagle County, Colorado. The District operates under a Service Plan to provide financing for the design, acquisition, construction and installation of essential public purpose facilities including parks and recreation, street, safety, water, sanitation, mosquito control, and the operation and maintenance of the District.

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 has one part-time on call employee and contracts for all of its management and professional services.

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

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.

Governmental activities are normally supported by property taxes collected by the District. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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

The statement of activities demonstrates the degree to which the direct 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds 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. Expenditures for capital outlay are shown as increases in assets and redemption of bonds 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 taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Proprietary Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The government reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the communities' water systems.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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 service provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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 presented on the modified accrual basis of accounting.

Capital Assets

Capital assets, which include infrastructure assets (e.g. road, water, sewer improvements and similar items), 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 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, by the straight-line method. Depreciable lives of capital assets are as follows:

Parks & recreation	20 – 30 years
Irrigation system	10 – 40 years

Bond Issue Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally segregated or are not subject to future appropriation. Assignments of fund balances indicate the Board of Director's intention for future utilization of such funds and are subject to change by management.

The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Fund Balance Classifications

The total fund balance of the governmental funds was \$317,439 as of December 31, 2020. Of this balance, \$4,600 was non-spendable since it had already been used to pre-pay expenses of 2021, \$2,751 was restricted for emergencies, as required by TABOR and \$56,558 was assigned for the payment of future debt service principal, interest and related costs. The remaining balance of \$253,530 is unassigned.

3. Cash and Investments

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.

Funds on hand in the Debt Service Fund are assigned for future debt service.

The District had cash deposits of \$39,892 as of December 31, 2020, all of which was FDIC insured.

Investments

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

The District generally limits its concentration of investments to those items which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

3. Cash and Investments (continued)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, 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
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 292,673
MBS Fixed Income	Varying dates	301,949
Total		<u>\$ 594,622</u>

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

3. Cash and Investments (continued)

acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAM by Standard & Poor's.

Certificates of Deposit

The District has invested in certificates of deposits through a commercial bank. The investments mature at varying dates, as noted above, and accrue interest on a monthly basis at the rate invested.

4. Capital Assets

An analysis of the changes in net capital asset during 2020 follows:

	Balance December 31, 2019	Additions	Retirements/ Transfers	Balance December 31, 2020
Governmental Activities:				
Capital assets, depreciable:				
Parks and recreation	\$ 485,493	\$ -	\$ -	\$ 485,493
Accumulated depreciation	(297,187)	(23,466)	-	(320,653)
Business-Type Activities:				
Capital assets, depreciable:				
Irrigation Systems	354,585	-	-	354,585
Accumulated depreciation	(249,570)	(15,918)	-	(265,488)
Total depreciable capital assets, net	<u>\$ 293,321</u>	<u>\$ (39,384)</u>	<u>\$ -</u>	<u>\$ 253,937</u>

Depreciation expense charged in 2020 to the governmental and enterprise functions of the District were \$23,466 and \$15,918, respectively.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Series 2010, \$2,960,000					
General Obligation Bonds	\$ 2,395,000	\$ -	\$ (2,395,000)	\$ -	\$ -
Series 2020, \$2,380,000					
General Obligation Bonds	<u>-</u>	<u>2,380,000</u>	<u>-</u>	<u>2,380,000</u>	<u>120,000</u>
	2,395,000	2,380,000	(2,395,000)	2,380,000	120,000
Deferred cost on bond refunding	-	22,065	-	22,065	1,113
Premium on bond issuance	<u>22,065</u>	<u>-</u>	<u>(22,065)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,417,065</u>	<u>\$ 2,402,065</u>	<u>\$(2,417,065)</u>	<u>\$ 2,402,065</u>	<u>\$ 121,113</u>

Series 2010

In December 2010, the District issued \$2,960,000 in General Obligation bonds with interest rates of 2.125% to 4.875%. The Bonds were issued with a maturity of December 1, 2036, but were refunded with the Series 2020 General Obligation Bonds issued on December 1, 2020.

Series 2020

On December 1, 2020, the District issued \$2,380,000 in General Obligation Bonds with an interest rate of 2.25% and a maturity of December 1, 2035. The Bonds are payable from pledged revenues, including property taxes and specific ownership taxes. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in multiples of \$5,000. All or any principal amount of the Bonds may be subject to mandatory sinking fund redemption by lot on December 1 of the applicable years and in the principal amounts specified in the Sale Certificate, at a redemption price equal to the principal amount thereof (with no redemption premium or yield maintenance fee), plus accrued interest to the redemption date.

The District has agreed to impose a mill levy sufficient to provide for payment on the Bonds and in no event is the mill levy to be more than 40.000 mills. For 2020, the District levied 37.228 mills, of which 24.499 mills was for debt service.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Liabilities (continued)

Bond Refunding

On December 1, 2020, the District issued refunding bonds for the purpose of refunding the District's General Obligation Bonds Series 2010, outstanding on December 1, 2020, in the principal amount of \$2,315,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$22,065. This difference, reported in the accompanying financial statements as a deferred charge, is being amortized over the remaining life of the District's 2010 Bonds. The refunding was undertaken to reduce annual debt service payments, to issue bonds at a lower interest rate, and to obtain an economic gain of \$389,289 (difference between the present values of the old and new debt service payments). The maturity date of the bonds was reduced from 2036 to 2035.

Future debt service payments are as follows:

	Principal	Interest	Total
2021	\$ 120,000	\$ 53,550	\$ 182,575
2022	125,000	50,850	181,406
2023	130,000	48,038	185,238
2024	135,000	45,113	183,963
2025	145,000	42,075	187,075
2026-2030	800,000	159,188	959,188
2031-2035	925,000	63,563	988,563
Total	\$ 2,380,000	\$ 462,375	\$ 2,842,375

Debt Authorization

On May 7, 2002, the District's electors authorized the issuance of indebtedness up to \$3,000,000 at an interest rate not to exceed 18% for infrastructure improvement and \$3,000,000 at an interest rate not to exceed 10% to be used for operating advances or expenses. As of December 31, 2020, the District has used all of the voter authorization for infrastructure but has not used any of the voter authorization for operations.

Chatfield Corners Metropolitan District

Notes to Financial Statements (continued)

December 31, 2020

6. Net Position

The District has net position consisting of four components – net investment in capital assets, restricted, assigned and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position include net position that are restricted for use either externally imposed by 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 of \$2,751 as of December 31, 2020 which are restricted for emergencies as required by Colorado legislation and \$56,558 restricted for future debt service.

Assignments of fund balances indicate the Board of Director's intention for future utilization of such funds and are subject to change by management. The District assigned \$244,965 of the proprietary fund for system replacement or capital projects.

The District's unrestricted net position as of December 31, 2020 totaled \$309,957.

7. 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). 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 property, liability, property, public officials' liability, and workers compensation 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.

Chatfield Corners Metropolitan District
Notes to Financial Statements (continued)
December 31, 2020

8. 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 which 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). At December 31, 2020, the District had an emergency reserve of \$2,751. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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.

Supplementary Information

Chatfield Corners Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property taxes	\$ 196,881	\$ 196,879	\$ (2)
Specific ownership taxes	8,860	9,773	913
Investment income	1,052	1,572	520
Total Revenue	<u>206,793</u>	<u>208,224</u>	<u>1,431</u>
Expenditures:			
Treasurer's fees	5,906	5,906	-
Bond principal	80,000	80,000	-
Bond interest	114,713	114,712	1
Bond issuance costs	85,000	57,137	27,863
Paying agent and other fees	200	200	-
Contingency	2,000	-	2,000
Total Expenditures	<u>287,819</u>	<u>257,955</u>	<u>27,864</u>
Excess Revenue Over (Under)			
Expenditures	<u>(81,026)</u>	<u>(49,731)</u>	<u>31,295</u>
Other financing sources (uses):			
Transfer of specific ownership taxes	(2,953)	(2,946)	7
Bond proceeds	2,400,000	2,380,000	(20,000)
Bond refunding	(2,315,000)	(2,315,000)	-
Total other financing sources (uses)	<u>82,047</u>	<u>62,054</u>	<u>(19,993)</u>
Change in fund balance	1,021	12,323	11,302
Fund Balance—Beginning of year	<u>52,605</u>	<u>44,235</u>	<u>(8,370)</u>
Fund Balance—End of Year	<u>\$ 53,626</u>	<u>\$ 56,558</u>	<u>\$ 2,932</u>

Chatfield Corners Metropolitan District
Schedule of Revenues, Expenditures and Transfers
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Fund Type - Water Fund
For the Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Water use fees	\$ 72,113	\$ 73,970	\$ 1,857
Investment income	3,938	4,529	591
Total Revenue	76,051	78,499	2,448
Expenditures:			
Water operations			
Electricity - pump station	12,946	9,410	3,536
Alarm system pump vault	613	675	(62)
Spring startup	3,100	3,100	-
Fall blowout	3,500	3,500	-
Pump station repairs and maintenance	3,605	1,908	1,697
Line and valve maintenance	14,490	10,294	4,196
Engineering and consulting	1,500	-	1,500
Pump maintenance	4,324	2,156	2,168
Ditch repair and maintenance	9,612	1,829	7,783
Administration fees	1,452	765	687
Utility notification services	4,620	8,598	(3,978)
Wetlands maintenance	1,500	1,200	300
Overhead allocation from General Fund	25,825	29,346	(3,521)
Capital projects	86,912	30,875	56,037
Contingency	25,000	-	25,000
Total Expenditures	198,999	103,656	95,343
Other sources (uses):			
Transfer from general fund	5,992	22,500	16,508
Total other sources (uses)	5,992	22,500	16,508
Net income (loss) non-GAAP basis	(116,956)	(2,657)	114,299
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):			
Depreciation expense		(15,918)	
Net loss (GAAP Basis)		\$ (18,575)	