

**Mount Vernon Country Club Metropolitan District
(Jefferson County, Colorado)**

FINANCIAL STATEMENTS

with Independent Auditor's Report

December 31, 2019

Mount Vernon Country Club Metropolitan District

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Independent Auditor's Report

To the Board of Directors
Mount Vernon Country Club Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of Mount Vernon Country Club Metropolitan District as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major funds of Mount Vernon Country Club Metropolitan District, as of December 31, 2019 and the respective changes in financial position and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, as listed in the table of contents, 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.

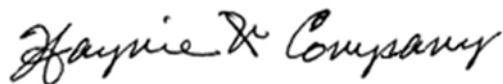
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mount Vernon Country Club Metropolitan District's financial statements as a whole. The supplementary information section 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.

Prior Period Financial Statements

The proprietary fund financial statements, including the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows as of December 31, 2018, were audited by other auditors whose report dated October 13, 2019, expressed an unmodified opinion on those statements.



Littleton, Colorado
July 27, 2020

Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

The discussion and analysis of Mount Vernon Country Club Metropolitan District's (District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$4,183,413 (net position).
- The District's total net position decreased by \$59,687 over the prior fiscal year.
- Operating revenues decreased \$38,116 from the prior year. This is primarily due to a decrease in food and beverages revenues, membership social dues and service charges. Governmental fund revenues increased \$161,920 as a result of the proprietary member fees that were assessed in 2019 and sales tax collected in 2019.
- The District received \$30,453 in operating contributions from Mount Vernon Country Club, a non-profit corporation.

Overview of the Financial Statements

The District's basic financial statements included in this report are those of a special-purpose government engaged in both governmental and business-type activities, providing water, roads and drainage, land management, fire mitigation, transportation and parks and recreation services. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net difference 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 District'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation).

Fund financial statements present the grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The District maintains four governmental funds: 1) the general fund, 2) the transportation fund, 3) the conservation trust fund and 4) the fire mitigation fund. The general fund is the District's primary operating fund, the transportation fund is considered a special revenue fund used to account for sales tax proceeds received from the State of Colorado and the expenditures for which those funds are spent, the conservation trust fund is considered a special revenue fund used to account for the District's lottery proceeds received from the State of Colorado and the expenditures for which those funds are spent and the fire mitigation fund is considered a special revenue fund used to account for proprietary member fees and State grants and the expenditures for which those funds are spent.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains two proprietary funds: 1) Recreational Clubhouse Facility Fund and 2) Water Fund. The Recreational Clubhouse Facility Fund is used to account for the revenues and expenditures related to the services provided to the District's residents and club members for social and recreational activities. The Water Fund is used to account for the revenues and expenses related to the water services that are provided to the proprietary members of the District. The services provided in both of these funds are reported as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Mount Vernon Country Club Metropolitan District, assets exceeded liabilities and deferred inflows by \$4,183,413 at the close of the most recent fiscal year.

**Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

**Statement of Net Position
December 31,**

	Total	
	2019	2018
Current and other assets	\$ 1,161,987	\$ 845,611
Capital assets, net	5,426,634	5,707,903
Total assets	<u>6,588,621</u>	<u>6,553,514</u>
Long-term liabilities outstanding	1,518,509	1,693,976
Other liabilities	727,220	469,075
Total liabilities	<u>2,245,729</u>	<u>2,163,051</u>
Deferred inflows of resources	<u>159,479</u>	<u>147,363</u>
Net position		
Net investment in capital assets	3,908,125	4,013,927
Restricted	196,134	55,017
Unrestricted	79,154	174,156
Net position	<u>\$ 4,183,413</u>	<u>\$ 4,243,100</u>

Net investment in capital assets (land; infrastructure; buildings and grounds; furniture, fixtures, and equipment; recreational facility; wastewater treatment facility; and the water system) as of December 31, 2019 and 2018, less any related debt used to acquire those assets represent net position of the District related to capital assets used to provide services to citizens and Clubhouse members; consequently, it is *not* available for future spending.

Governmental Activities

Governmental activities before transfers and operating contributions increased net position in 2019 by \$119,239 compared to an increase before transfers in 2018 of \$510,189. The decrease in the change in net position was primarily the result in the decrease on sales of land parcels in 2019.

Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Business-type Activities

The business-type activities (Recreational Clubhouse Facility and Water Fund) before transfers decreased net position in 2019 by \$209,379 compared to a decrease before transfers in 2018 of \$217,869.

Statement of Activities
For the year ended December 31,

	Total	
	Year Ended December 31,	
	2019	2018
Revenues:		
Program revenues		
Charges for services	\$ 4,203,576	\$ 4,241,692
Operating grants and contributions	30,453	279,354
Capital grants and contributions	56,317	165,845
General revenues		
Property taxes	147,055	148,062
Proprietary member fees	109,711	83,246
Proprietary member trash	26,591	-
Sales taxes	109,630	34,756
Other taxes	13,824	13,425
Interest and other revenue	42,040	9,027
Gain on sale of assets	139,232	477,136
Total revenues	4,878,429	5,452,543
Expenses:		
General government	441,353	247,572
Transportation	20,000	-
Fire mitigation	1,185	-
Recreational clubhouse facility	4,128,084	4,284,937
Water	270,389	281,703
Interest on debt obligations	77,105	66,657
Total expenses	4,938,116	4,880,869
Increase in net position	(59,687)	571,674
Net position - beginning	4,243,100	3,671,426
Net position - ending	\$ 4,183,413	\$ 4,243,100

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available.

**Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Capital Assets

The District's capital assets as of December 31, 2019 and 2018 were as follows:

Capital Assets

	December 31,	
	2019	2018
Land	\$ 501,434	\$ 577,247
Infrastructure	475,986	475,986
Building and grounds	9,015,462	9,015,462
Furniture, fixtures and equipment	1,829,548	1,660,332
Water system	1,576,469	1,512,928
Total assets	13,398,899	13,241,955
Accumulated depreciation	(7,972,265)	(7,534,053)
Net capital assets	<u>\$ 5,426,634</u>	<u>\$ 5,707,902</u>

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

Debt Administration

As of December 31, 2019, the District had total debt obligations (including capital leases) of \$1,518,509, of which \$197,526 is classified as current.

Additional detail on the District's debt is in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The District anticipates moderate growth in 2020. The Recreational Clubhouse Facility revenue budget may be impacted due to the declared outbreak of COVID-19 pandemic by the World Health Organization. As a result, economic uncertainties have arisen which may negatively impact operations of the Recreational Clubhouse Facility. In addition, expenditures in personnel and other expenses have been, and continue to be, under strict control. The budget is created with total budgeted revenues covering budgeted operation/maintenance expenses and debt retirement payments.

The 2020 mill levy for the District remains at 35.000. As a result, 2020 tax revenue for the District is budgeted to stay relatively the same as compared to 2019.

**Mount Vernon Country Club Metropolitan District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

District's General Manager
Mount Vernon Country Club Metropolitan District
24933 Clubhouse Circle
Golden, Colorado 80401

BASIC FINANCIAL STATEMENTS

Mount Vernon Country Club Metropolitan District
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 183,298	\$ 248,260	\$ 431,558
Accounts receivable	53,644	153,646	207,290
Due from other funds	188,707	74,281	262,988
Inventories	-	52,431	52,431
Property taxes receivable	159,479	-	159,479
Prepaid expenses and deposits	5,225	43,016	48,241
Capital assets, net of depreciation	607,997	4,818,637	5,426,634
Total assets	1,198,350	5,390,271	6,588,621
LIABILITIES			
Overdraft	-	16,668	16,668
Accounts payable	10,522	115,398	125,920
Accrued expenses	-	57,252	57,252
Due to other funds	945	262,043	262,988
Unearned revenues - dues	-	27,840	27,840
Deposits	-	236,552	236,552
Noncurrent liabilities			
Due within one year	-	197,526	197,526
Due in more than one year	-	1,320,983	1,320,983
Total liabilities	11,467	2,234,262	2,245,729
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	159,479	-	159,479
Total deferred inflows of resources	159,479	-	159,479
NET POSITION			
Net investment in capital assets	607,997	3,300,128	3,908,125
Restricted	196,134	-	196,134
Unrestricted	223,273	(144,119)	79,154
Total net position	\$ 1,027,404	\$ 3,156,009	\$ 4,183,413

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 441,353	\$ -	\$ -	\$ 30,453	\$ (410,900)	\$ -	\$ (410,900)
Transportation	20,000	-	-	-	(20,000)	-	(20,000)
Parks and recreation	-	-	-	1,317	1,317	-	1,317
Fire mitigation	1,185	-	-	-	(1,185)	-	(1,185)
Total governmental activities	<u>462,538</u>	<u>-</u>	<u>-</u>	<u>31,770</u>	<u>(430,768)</u>	<u>-</u>	<u>(430,768)</u>
Business-type activities:							
Recreational clubhouse	4,128,084	3,949,772	-	-	-	(178,312)	(178,312)
Water	270,389	253,804	-	55,000	-	38,415	38,415
Interest on debt obligations	77,105	-	-	-	-	(77,105)	(77,105)
Total business-type activities	<u>4,475,578</u>	<u>4,203,576</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>(217,002)</u>	<u>(217,002)</u>
General revenues:							
Taxes:							
Property taxes					147,055	-	147,055
Specific ownership taxes					13,824	-	13,824
Sales taxes					109,630	-	109,630
Other income					27,699	-	27,699
Proprietary member fees					109,711	-	109,711
Proprietary member trash					26,591	-	26,591
Interest					6,718	7,623	14,341
Gain on sale of assets					139,232	-	139,232
Total general revenues					<u>580,460</u>	<u>7,623</u>	<u>588,083</u>
Change in net position					149,692	(209,379)	(59,687)
Net position - beginning of year					<u>877,712</u>	<u>3,365,388</u>	<u>4,243,100</u>
Net position - end of year					<u>\$ 1,027,404</u>	<u>\$ 3,156,009</u>	<u>\$ 4,183,413</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General Fund	Transportation Fund	Conservation Trust Fund	Fire Mitigation Fund	Total
ASSETS					
Cash and cash equivalents	\$ 47,177	\$ 98,145	\$ 13,215	\$ 24,761	\$ 183,298
Accounts receivable	1,086	52,558	-	-	53,644
Due from other funds	188,707	-	-	-	188,707
Prepaid expenses	5,225	-	-	-	5,225
Property tax receivable	159,479	-	-	-	159,479
Total assets	\$ 401,674	\$ 150,703	\$ 13,215	\$ 24,761	\$ 590,353
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payables	\$ 10,522	\$ -	\$ -	\$ -	\$ 10,522
Due to other funds	-	-	-	945	945
	<u>10,522</u>	<u>-</u>	<u>-</u>	<u>945</u>	<u>11,467</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	159,479	-	-	-	159,479
Total deferred inflows of resources	<u>159,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,479</u>
FUND BALANCES					
Restricted by legislation	8,400	-	13,215	-	21,615
Restricted for transportation improvements	-	150,703	-	-	150,703
Restricted for fire mitigation improvements	-	-	-	23,816	23,816
Assigned for emergencies	223,273	-	-	-	223,273
Total fund balances	<u>231,673</u>	<u>150,703</u>	<u>13,215</u>	<u>23,816</u>	<u>419,407</u>
Total deferred inflows of resources and fund balances	<u>\$ 401,674</u>	<u>\$ 150,703</u>	<u>\$ 13,215</u>	<u>\$ 23,816</u>	
Amount reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					<u>607,997</u>
Net position of governmental activities					<u>\$ 1,027,404</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Transportation Fund	Conservation Trust Fund	Fire Mitigation Fund	Total
Revenues					
Property taxes	\$ 147,055	\$ -	\$ -	\$ -	\$ 147,055
Specific ownership taxes	13,824	-	-	-	13,824
Sales taxes	-	109,630	-	-	109,630
Corral	21,726	-	-	-	21,726
Lottery proceeds	-	-	1,317	-	1,317
Proprietary member fees	60,651	24,520	-	24,540	109,711
Proprietary member trash	26,591	-	-	-	26,591
Interest income	4,950	1,510	37	221	6,718
Other income	5,733	-	-	240	5,973
Total revenues	<u>280,530</u>	<u>135,660</u>	<u>1,354</u>	<u>25,001</u>	<u>442,545</u>
Expenditures					
General government	419,556	-	-	-	419,556
Transportation	-	20,000	-	-	20,000
Fire mitigation	-	-	-	1,185	1,185
Total expenditures	<u>419,556</u>	<u>20,000</u>	<u>-</u>	<u>1,185</u>	<u>440,741</u>
Excess of revenues over (under) expenditures	(139,026)	115,660	1,354	23,816	1,804
Other financing sources (uses)					
Operating contributions	30,453	-	-	-	30,453
Transfer (to) from other funds	(35,043)	35,043	-	-	-
Proceeds from sale of assets	215,045	-	-	-	215,045
Total other financing sources (uses)	<u>210,455</u>	<u>35,043</u>	<u>-</u>	<u>-</u>	<u>245,498</u>
Net change in fund balance	71,429	150,703	1,354	23,816	247,302
Fund balance - beginning of year	<u>160,244</u>	<u>-</u>	<u>11,861</u>	<u>-</u>	<u>172,105</u>
Fund balance - end of year	<u>\$ 231,673</u>	<u>\$ 150,703</u>	<u>\$ 13,215</u>	<u>\$ 23,816</u>	<u>\$ 419,407</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019**

Net change in fund balance of governmental funds	\$ 247,302
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Amounts reported for governmental activities
in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation expense	(21,797)
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Disposal of capital assets decrease net assets in the statement of activities, but do not appear in the governmental funds because they are not a current source of financial resources.	(75,813)
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Change in net position of governmental activities	<u><u>\$ 149,692</u></u>
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The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019
With Comparative Totals for 2018

	Recreational Clubhouse Facility	Water Fund	Total	2018 Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 248,260	\$ 248,260	\$ 314,742
Accounts receivable	137,509	16,137	153,646	132,721
Due from other funds	-	74,281	74,281	-
Inventories	52,431	-	52,431	73,455
Prepaid expenses and deposits	41,770	1,246	43,016	5,225
Capital assets, net	4,170,108	648,529	4,818,637	5,002,296
Total assets	<u>4,401,818</u>	<u>988,453</u>	<u>5,390,271</u>	<u>5,528,439</u>
LIABILITIES				
Overdraft	16,668	-	16,668	334
Accounts payable	97,290	18,108	115,398	168,327
Accrued expenses	57,252	-	57,252	117,429
Due to other funds	262,043	-	262,043	-
Unearned revenues - dues	27,840	-	27,840	35,683
Deposits	236,552	-	236,552	147,302
Noncurrent liabilities				
Due within one year	172,526	25,000	197,526	194,012
Due in more than one year	1,085,983	235,000	1,320,983	1,499,964
Total liabilities	<u>1,956,154</u>	<u>278,108</u>	<u>2,234,262</u>	<u>2,163,051</u>
NET POSITION				
Net investment in capital assets	2,911,599	388,529	3,300,128	3,308,320
Unrestricted	(465,935)	321,816	(144,119)	57,068
Total net position	<u>\$ 2,445,664</u>	<u>\$ 710,345</u>	<u>\$ 3,156,009</u>	<u>\$ 3,365,388</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
With Comparative Totals for 2018

	Recreational Clubhouse Facility	Water Fund	Total	2018 Total
Operating revenues				
Membership social dues	\$ 1,238,116	\$ -	\$ 1,238,116	\$ 1,258,514
Initiation fees	115,219	-	115,219	105,151
Food and beverage sales	1,978,168	-	1,978,168	2,181,724
Food related other income	358,200	-	358,200	252,292
Swimming pool and exercise	28,526	-	28,526	19,222
Tennis courts	64,510	-	64,510	60,514
Service charges	-	190,641	190,641	320,159
Capital reserve fees	-	62,660	62,660	-
Insurance proceeds and other income	167,033	503	167,536	44,116
Total operating revenues	3,949,772	253,804	4,203,576	4,241,692
Operating expenses				
Food and beverage	2,083,332	-	2,083,332	2,181,695
Swimming pool and exercise	191,582	-	191,582	191,677
Tennis courts	161,182	-	161,182	142,644
Water costs	-	226,236	226,236	237,564
Clubhouse	447,009	-	447,009	570,927
Marketing	219,808	-	219,808	213,565
Administrative	603,493	-	603,493	461,010
General services	49,416	-	49,416	149,639
Depreciation	372,262	44,153	416,415	417,919
Total operating expenditures	4,128,084	270,389	4,398,473	4,566,640
Operating loss	(178,312)	(16,585)	(194,897)	(324,948)
Nonoperating revenues (expenses)				
Interest income	-	7,623	7,623	8,736
Interest expense	(66,392)	(10,713)	(77,105)	(66,657)
Loss before operating transfers	(244,704)	(19,675)	(264,379)	(382,869)
Other financing sources				
Operating transfers in	-	-	-	684,132
Tap fees revenue	-	55,000	55,000	165,000
Total other financing sources	-	55,000	55,000	849,132
Change in net position	(244,704)	35,325	(209,379)	466,263
Net position - beginning of year	2,690,368	675,020	3,365,388	2,899,125
Net position - end of year	\$ 2,445,664	\$ 710,345	\$ 3,156,009	\$ 3,365,388

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019
With Comparative Totals for 2018

	Recreational Clubhouse Facility	Water Fund	Total	2018 Total
Cash flows from operating activities				
Cash received from customers	\$ 4,010,254	\$ 253,804	\$ 4,264,058	\$ 4,241,447
Cash payments to employees for services	(2,027,204)	-	(2,027,204)	(2,145,252)
Cash payments to suppliers for goods and services	(1,859,018)	(209,374)	(2,068,392)	(2,041,356)
Net cash provided by operating activities	<u>124,032</u>	<u>44,430</u>	<u>168,462</u>	<u>54,839</u>
Cash flows from noncapital financing activities				
Transfers from other fund	-	-	-	684,132
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,132</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(154,683)	(63,541)	(218,224)	(152,501)
Due to (from) other funds	262,043	(74,281)	187,762	-
Tap fees	-	55,000	55,000	165,000
Principal paid on debt	(165,000)	(25,000)	(190,000)	(500,965)
Interest paid on debt	(66,392)	(10,713)	(77,105)	(66,657)
Net cash used in capital and related financing activities	<u>(124,032)</u>	<u>(118,535)</u>	<u>(242,567)</u>	<u>(555,123)</u>
Cash flows from investing activities				
Interest	-	7,623	7,623	8,736
Net cash provided by investing activities	<u>-</u>	<u>7,623</u>	<u>7,623</u>	<u>8,736</u>
Net decrease in cash and cash equivalents	-	(66,482)	(66,482)	192,584
Cash and cash equivalents - beginning of year - restated	-	314,742	314,742	122,158
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 248,260</u>	<u>\$ 248,260</u>	<u>\$ 314,742</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

(continued)

For the Year Ended December 31, 2019

	Recreational Clubhouse Facility	Water Fund	Total	2018 Total
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ (178,312)	\$ (16,585)	\$ (194,897)	\$ (324,948)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	372,262	44,153	416,415	417,919
(Increase) decrease in:				
Accounts receivable	(20,925)	-	(20,925)	261,614
Inventories	21,024	-	21,024	(3,358)
Prepaid expenses	(36,545)	(1,246)	(37,791)	27,991
Increase (decrease) in:				
Overdraft	16,334	-	16,334	(100,134)
Accounts payable	(71,036)	18,108	(52,928)	28,349
Accrued expenses	(60,177)	-	(60,177)	9,265
Unearned revenues	(7,843)	-	(7,843)	(238,617)
Deposits	89,250	-	89,250	(23,242)
Net cash provided by operating activities	<u>\$ 124,032</u>	<u>\$ 44,430</u>	<u>\$ 168,462</u>	<u>\$ 54,839</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 1 – Definition of Reporting Entity

Mount Vernon Country Club Metropolitan District (the District), a political subdivision incorporated under the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established on February 1, 1992 to provide water, roads and drainage, land management, fire mitigation, and parks and recreation services within and outside of its boundaries.

Substantially all of the assets and liabilities of Mount Vernon Country Club, a non-profit corporation (the Corporation), were conveyed to the District in 1992. The assets included a recreation clubhouse facility consisting of a restaurant, bar, tennis courts, pro shop, swimming pool and snack bar, along with meeting rooms and three residential units owned by the Corporation as housing for employees. Other assets conveyed by the Corporation include 1,000 acres of open space within the District, the water supply system serving the District residents, roads, rights of way and easements appurtenant to the water system. The liabilities transferred included outstanding loans associated with the water system and land as well as normal obligations incurred in the operation of the assets conveyed to the District. All assets and liabilities transferred were recorded on the books and records of the District at the net book value recorded on the Corporation's books and records at the date of transfer.

Due to the obligations of the Corporation to its proprietary members, certain restrictions exist in the conveyances by the Corporation to the District regarding the sale of real property, the water tap moratorium and enforcement of the Corporation's governing documents. A reversionary interest is provided for in the event conditions are violated.

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

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

Note 2 – Summary of Significant Accounting Policies

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental and proprietary 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.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. 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, generally are recorded when the liability is incurred or the long-term obligation is due.

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.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

The transportation fund is a special revenue fund used to account for the District's sales tax proceeds received from the State of Colorado and proprietary member fees for the purpose of financing, constructing, operating and maintaining streets, transportation and safety protection improvements, including parking lots located at District facilities and amenities.

The conservation trust fund is a special revenue fund used to account for the District's lottery proceeds received from the State of Colorado and the capital improvements or maintenance for recreational purposes for which those funds are spent.

The fire mitigation fund is a special revenue fund used to account for the District's proprietary member fees and State grants for fire mitigation expenses of the open spaces within the District.

The District reports the following major proprietary funds:

The recreational clubhouse facility is used to charge District residents and club members for social and recreational activities provided to them. All revenues and expenses related to these activities are accounted for in this fund. All revenues of the recreational clubhouse facility are considered operating revenues except for interest income and gains on disposals of capital assets which are considered non-operating revenues.

The water fund is used to charge District residents monthly fees for services not paid for with property taxes. All service charges and related expenses and assets are accounted for in this fund.

The proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of 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.

Comparative data for 2018 is provided in the proprietary fund statements for analysis purposes only.

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.

Pooled cash and investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Cash equivalents

For purposes of the Statement of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for uncollectible accounts

Accounts receivable is reported net of an allowance for uncollectible accounts of \$80,841 at December 31, 2019.

Inventories

Inventories consist of foods, beverage and other items used in the clubhouse recreational facility. Inventories are carried at the lower of cost or net realizable value, using the first in, first out method.

Property taxes

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

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Prepaid expenses and other deferred charges

Prepaid expenses and other deferred charges are amounts paid in the current year for expenses related to subsequent years.

Unearned revenues

The District reports unearned revenue in the government-wide statement of net position and in the fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

resources, the liabilities for unearned revenue is removed from the statement of net position and revenue is recognized.

The unearned revenues recognized at December 31, 2019 represent membership dues that have been collected for the recreational clubhouse facility which are billed in advance of the time period for which they are due.

Sales taxes

The District imposed a sales tax at a rate not to exceed 2% upon every transaction in the District effective January 1, 2018, for the purpose of financing, constructing, operating and maintaining streets, transportation and safety protection improvements, including parking lots located at District facilities and amenities.

Capital assets

Capital assets include land, buildings and grounds, furniture, fixtures and equipment, recreational facilities, the wastewater treatment facility and infrastructure assets acquired after January 1, 2004, reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets are defined by the District as those assets with an initial, individual cost of \$1,000 or greater 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 capital assets are recorded at estimated fair market value at the date of donation or at the donor's cost.

The District's intangible assets include land use rights, water rights, rights of way and easements appurtenant to the water system. Such intangible assets have an indefinite useful life, are not amortized, and are classified as capital assets in accordance with GASB 51, *Accounting and Financial Reporting for Intangible Assets*. Land use rights are included in Land in the governmental activities section of capital assets in Note 4. Purchased water rights in connection with the Robert Lewis Ditch and rights of way and easements appurtenant to the water system are included in the Water fund: Water system in the business activities section of capital assets in Note 4.

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 fixed assets, as applicable.

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

	<u>Years</u>
Building	20-40
Wastewater treatment system	20-40
Recreational facility	5-15
Furniture, fixtures and equipment	5-15

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Capital leases

The District entered into a capital lease agreement for a recreational facility lease for the pool and recreational facilities that expires in 2026. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair values of the assets. The assets are being depreciated over the estimated economic useful lives. The assets and the related liabilities are recorded in the proprietary fund in which the assets are being used and from which the liabilities will be paid. The lease is subject to annual appropriations.

The District entered into a lease-purchase agreement for a recreational facility equipment purchase for the kitchen that expires in 2023. The assets and liabilities under the lease-purchase agreement are recorded at the lower of the present value of the minimum lease payments or the fair values of the assets. The assets are being depreciated over the estimated economic useful lives. The assets and the related liabilities are recorded in the proprietary fund in which the assets are being used and from which the liabilities will be paid. The lease is subject to annual appropriations.

Interfund transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions as expenses in the fund that is reimbursed. During 2019, the general fund transferred \$35,043 to the transportation fund for prior year sales tax revenues.

Fund equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Assigned fund balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. At December 31, 2019, the Board had assigned \$223,373 for emergencies.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

At December 31, 2019, the District had \$8,400 restricted by legislation for emergencies, \$150,703 for transportation improvements in the transportation fund, \$13,215 for the conservation trust fund and \$23,816 for fire mitigation in the fire mitigation fund.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds a public hearing 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 total appropriation can only be modified upon completion of notification and publication requirements.

The District amended its General Fund, Transportation Fund and Water Fund Budget subsequent to year end.

Use of estimates

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

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Note 3 – Cash and Investments

Cash and investments are reflected on the December 31, 2019 Statement of Net Position as follows:

Cash and investments	<u>\$ 431,558</u>
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Cash and investments as of December 31, 2019 consist of the following:

Investments	<u>\$ 431,558</u>
Total cash and investments	<u>\$ 431,558</u>

At December 31, 2019, the District's cash deposits had bank balances of \$100,076 and carrying balance of \$0.00.

Deposits with financial institutions

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. As of December 31, 2019, the federal insurance limit was \$250,000. 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 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.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2019, the District's bank balances and carrying balances were federally insured for the full balance.

Investments

The District's investment policy adopts state statutes regarding investments.

The District primarily limits its investments to local government investments pools, 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 custodial credit risk for investments that are in the possession of another party.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	\$ 431,558

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 Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as a custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for Colotrust'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 Colotrust. Colotrust is rated AAAM by S&P Global Ratings. Colotrust records its investments at fair value and the District records its investment in Colotrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 577,247	\$ -	\$ 75,813	\$ 501,434
Total capital assets not being depreciated	577,247	-	75,813	501,434
Capital assets being depreciated				
Infrastructure	475,986	-	-	475,986
Less accumulated depreciation	347,626	21,797	-	369,423
Total capital assets being depreciated, net	128,360	(21,797)	-	106,563
Total governmental activities capital assets, net	<u>\$ 705,607</u>	<u>\$ (21,797)</u>	<u>\$ 75,813</u>	<u>\$ 607,997</u>
<u>Business-type activities</u>				
Recreational clubhouse facility:				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 94,028	\$ -	\$ 94,028
Total capital assets not being depreciated	-	94,028	-	94,028
Capital assets being depreciated				
Buildings and grounds	9,015,462	-	-	9,015,462
Furniture, fixtures and equipment	1,660,332	75,188	-	1,735,520
Less accumulated depreciation	6,302,640	372,262	-	6,674,902
Total capital assets being depreciated, net	4,373,154	(297,074)	-	4,076,080
Water fund:				
Capital assets not being depreciated				
Construction in progress	-	35,016	-	35,016
Total capital assets not being depreciated	-	35,016	-	35,016
Capital assets being depreciated				
Water system	1,512,928	28,525	-	1,541,453
Less accumulated depreciation	883,787	44,153	-	927,940
Total capital assets being depreciated, net	629,141	(15,628)	-	613,513
Total business-type activities capital assets, net	5,002,295	(183,658)	-	4,818,637
Total capital assets, net	<u>\$ 5,707,902</u>	<u>\$ (205,455)</u>	<u>\$ 75,813</u>	<u>\$ 5,426,634</u>

Depreciation expense of \$372,262, \$44,153 and \$21,797 for the year ended December 31, 2019 was charged to the Recreational Clubhouse Facility, Water Fund and Governmental activities, respectively.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Note 5 – Long-term Obligations

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
<u>Recreational</u>					
<u>Clubhouse Facility:</u>					
Capital lease - CoBiz Bank	\$ 1,218,857	\$ -	\$ 127,937	\$ 1,090,920	\$ 132,525
Capital lease - equipment	-	14,533	2,122	12,411	3,269
Recreational Clubhouse Revenue Note	190,119	-	34,941	155,178	36,732
<u>Water Fund:</u>					
Water Fund Revenue Note	285,000	-	25,000	260,000	25,000
Total long-term obligations	<u>\$ 1,693,976</u>	<u>\$ 14,533</u>	<u>\$ 190,000</u>	<u>\$ 1,518,509</u>	<u>\$ 197,526</u>

Capital lease

In 2011, the District refinanced a pool and recreational facilities lease. The proceeds were used to refinance the prior capital lease and to finance additional improvements to the clubhouse facility. The lease is for a total of \$2,035,000, with a maturity date of December 31, 2026. The refinanced lease agreement provided for an interest rate of 3.4% until December 30, 2018, at which time the rate was reset to the LIBOR Swap Index plus 2.68%. As part of the lease, the District was required to deposit \$850,543 into an escrow account to be used for capital improvements to the clubhouse facility. The District used the escrow account in its entirety during 2012. Payments are due the last day of each quarter. In 2020, the District issued a General Obligation Taxable Loan (see Note 11) to pay-off this lease.

Capital lease - equipment

In 2019, the District entered into a lease-purchase agreement. The lease-purchase agreement matures on April 23, 2023 and principle and interest payments are due on the 20th of the month with a requirement of twelve payments per year.

Revenue notes

In 2013, the District issued its Series 2013A Recreational Clubhouse Facility Enterprise Revenue Note (Series 2013A Note) in the amount of \$350,000. The 2013A Note bears interest at the rate of 3.4%, payable in semi-annual installments on June 1 and December 1, commencing June 1, 2014 through December 1, 2023. Principal is due December 1 each year from 2014 through 2023. Annual payments, including principal and interest, total \$41,989 in 2015, and each year thereafter through 2023. Clubhouse revenues are pledged to repayment of the note. In 2020, the District issued a General Obligation Taxable Loan (see Note 11) to pay-off this note.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

In 2013, the District issued its Series 2013 Water Enterprise Revenue Note (2013 Note) in the amount of \$400,000. The 2013 Note bears interest at the rate of 3.76% through 2020, after which the rate will be reset and fixed through 2028 at 65% of the December 1, 2020 LIBOR rate, plus 3.3%. Interest is payable in semi-annual installments on June 1 and December 1, commencing June 1, 2014 through December 1, 2028. Principal is due December 1 each year from 2014 through 2023. Assuming a constant interest rate of 3.76%, annual payments, including principal and interest, vary from \$34,288 to \$38,536 through 2028. Water enterprise revenues are pledged to repayment of the note. Clubhouse revenues are pledged to repayment of the note. In 2020, the District issued a General Obligation Tax-Exempt Loan (see Note 11) to pay-off this note.

Long-term debt maturities

Debt maturities for the next five years and to maturity are estimated as follows:

<u>Year ended December 31,</u>	<u>Principal</u>
2020	\$ 197,527
2021	206,454
2022	215,695
2023	220,921
2024	193,607
2025-2028	484,305
Total	<u>\$ 1,518,509</u>

Note 6 – Net Position

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

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

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

As of December 31, 2019, the District had a net investment in capital assets as follows:

	Governmental Activities	Business-Type Activities	Total Net Position
Capital assets, net	\$ 607,997	\$ 4,818,637	\$ 5,426,634
Current portion of long-term debt	-	(197,526)	(197,526)
Long-term debt due in more than one year	-	(1,320,983)	(1,320,983)
Unspent portion of debt proceeds	-	-	-
Net investment in capital assets	<u>\$ 607,997</u>	<u>\$ 3,300,128</u>	<u>\$ 3,908,125</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the District had restricted net position as follows:

	Governmental Activities	Business- type Activities	Total Restricted Net Position
Restricted for emergencies	\$ 8,400	\$ -	\$ 8,400
Restricted for fire mitigation	23,816	-	23,816
Restricted for parks and recreation	13,215	-	13,215
Restricted for transportation improvements	150,703	-	150,703
Restricted net position	<u>\$ 196,134</u>	<u>\$ -</u>	<u>\$ 196,134</u>

As of December 31, 2019, the District had an unrestricted net position of \$79,154.

Note 7 – Pension Plan

Defined contribution money purchase plan

The District has adopted an employees' qualified money purchase plan (Plan) in accordance with Internal Revenue Code Section 401(a). The Plan is administered by American United Life Insurance Company. The Plan is a defined contribution plan with the District contributing an amount equal to 4% of each participant's compensation for the year. Each full-time employee, minimum age of 21, is eligible to become a participant. The District is not liable for further pension benefits in excess of the contributions made to the Plan. Each participant is required to match the District's contribution. The employer and the employees' contributions are fully vested at the date of contribution. Contributions are tax deferred until withdrawn. The required contributions to the Plan for the year ending December 31, 2019 were \$52,917.

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Note 8 – Risk Management

Except as may be provided in and by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., as may be amended from time to time, the District may be 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 official's liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials 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.

Note 9 – TABOR Amendment

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.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's Board of Directors has adopted a resolution establishing an enterprise to operate its water and sanitation activities. The District's management believes its water and sanitation operations qualify for this exclusion.

On May 4, 2004, the registered voters of the District authorized the District to collect, retain and spend all revenue and other funds collected from any source effective January 1, 2004 and continuing thereafter without regard to any expenditure, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution. The voters also authorized the District to continue to levy 21.110 mills each year for operations regardless of any revenue limitation in Section 29-1-301, C.R.S., or other State Law.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an Enterprise will require judicial interpretation.

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

Mount Vernon Country Club Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2019

Note 10 – Subsequent Events

On June 15, 2020 the District issued a General Obligation Taxable Loan (Series 2020A) in the principle amount of \$1,332,000 and a General Obligation Tax-Exempt Loan (Series 2020B) in the principal amount of \$286,000. The loans issued paid off the Lease Purchase Agreement (Series 2011), Recreational Clubhouse Facility Enterprise Revenue Note (Series 2013A Note) and the Water Enterprise Note (Series 2013). Property tax revenues are pledged for repayment of the loans.

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

REQUIRED SUPPLEMENTARY INFORMATION

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Corral	\$ 21,450	\$ 21,700	\$ 21,726	\$ 26
Interest	-	-	4,950	4,950
Property taxes	147,363	147,055	147,055	-
Proprietary member fees	58,900	60,650	60,651	1
Proprietary member - trash	9,500	26,590	26,591	1
Specific ownership taxes	-	13,824	13,824	-
Miscellaneous	18,850	5,730	5,733	3
Total revenues	<u>256,063</u>	<u>275,549</u>	<u>280,530</u>	<u>4,981</u>
Expenditures				
General government	<u>224,542</u>	<u>425,000</u>	<u>419,556</u>	<u>5,444</u>
Total expenditures	<u>224,542</u>	<u>425,000</u>	<u>419,556</u>	<u>5,444</u>
Excess of revenues over (under) expenditures	31,521	(149,451)	(139,026)	10,425
Other financing sources (uses)				
Capital contribution	-	30,453	30,453	-
Transfer to other funds	-	(35,043)	(35,043)	-
Proceeds from sale of assets	-	215,045	215,045	-
Total other financing sources (uses)	<u>-</u>	<u>210,455</u>	<u>210,455</u>	<u>-</u>
Net change in fund balance	31,521	61,004	71,429	10,425
Fund balance - beginning of year	590,021	160,244	160,244	-
Fund balance - end of year	<u>\$ 621,542</u>	<u>\$ 221,248</u>	<u>\$ 231,673</u>	<u>\$ 10,425</u>

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
TRANSPORTATION FUND
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Proprietary member fees	\$ 24,000	\$ 24,000	\$ 24,520	\$ 520
Sales taxes	42,000	100,000	109,630	9,630
Interest	-	-	1,510	1,510
Total revenues	<u>66,000</u>	<u>124,000</u>	<u>135,660</u>	<u>11,660</u>
Expenditures				
Transportation	-	20,000	20,000	-
Total expenditures	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess of revenues over expenditures	66,000	104,000	115,660	11,660
Other financing sources				
Transfer from other funds	-	35,043	35,043	-
Total other financing sources	<u>-</u>	<u>35,043</u>	<u>35,043</u>	<u>-</u>
Net change in fund balance	66,000	139,043	150,703	11,660
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ 66,000</u>	<u>\$ 139,043</u>	<u>\$ 150,703</u>	<u>\$ 11,660</u>

Mount Vernon Country Club Metropolitan District

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET
AND ACTUAL - CONSERVATION TRUST FUND**

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Lottery proceeds	\$ 1,728	\$ 1,317	\$ (411)
Interest	-	37	37
Total revenues	<u>1,728</u>	<u>1,354</u>	<u>(374)</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,728	1,354	(374)
Fund balance - beginning of year	12,116	11,861	(255)
Fund balance - end of year	<u>\$ 13,844</u>	<u>\$ 13,215</u>	<u>\$ (629)</u>

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET
AND ACTUAL - FIRE MITIGATION FUND
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Fire mitigation grant	\$ 11,250	\$ -	\$ (11,250)
Other income	-	240	240
Proprietary member fees	24,000	24,540	540
Interest	-	221	221
Total revenues	<u>35,250</u>	<u>25,001</u>	<u>(10,249)</u>
Expenditures			
Fire mitigation	<u>22,500</u>	<u>1,185</u>	<u>21,315</u>
Total expenditures	<u>22,500</u>	<u>1,185</u>	<u>21,315</u>
Net change in fund balance	12,750	23,816	11,066
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u><u>\$ 12,750</u></u>	<u><u>\$ 23,816</u></u>	<u><u>\$ 11,066</u></u>

SUPPLEMENTARY INFORMATION

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET
AND ACTUAL - PROPRIETARY FUND - RECREATIONAL CLUBHOUSE FACILITY
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Membership social dues and fees	\$ 1,417,438	\$ 1,353,335	\$ (64,103)
Food and beverage sales	2,678,006	2,336,368	(341,638)
Swimming pool and exercise	17,994	28,526	10,532
Tennis courts	64,528	64,510	(18)
Insurance proceeds and other income	736	167,033	166,297
Total revenues	<u>4,178,702</u>	<u>3,949,772</u>	<u>(228,930)</u>
Expenditures			
Food and beverage	2,260,000	2,083,332	176,668
Swimming pool and exercise	220,000	191,582	28,418
Tennis courts	145,000	161,182	(16,182)
Clubhouse	385,000	447,009	(62,009)
Marketing	170,000	219,808	(49,808)
Administrative	600,000	603,493	(3,493)
General services	197,000	49,416	147,584
Debt service			
Principal	161,428	165,000	(3,572)
Interest	68,395	66,392	2,003
Capital outlay	-	154,683	(154,683)
Total expenditures	<u>4,206,823</u>	<u>4,141,897</u>	<u>64,926</u>
Net change in fund balance	(28,121)	(192,125)	(164,004)
Fund balance - beginning of year, as restated	<u>1,745,148</u>	<u>(273,810)</u>	<u>(2,018,958)</u>
Fund balance - end of year	<u><u>\$ 1,717,027</u></u>	<u><u>\$ (465,935)</u></u>	<u><u>\$ (2,182,962)</u></u>

Mount Vernon Country Club Metropolitan District
RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN NET POSITION
RECREATIONAL CLUBHOUSE FACILITY
For the Year Ended December 31, 2019

Revenues (budgetary basis)	<u>\$ 3,949,772</u>
Total revenues per Statement of Revenues, Expenses and Change in Net Position	<u>3,949,772</u>
Expenditures (budgetary basis)	4,141,897
Depreciation	372,262
Debt principal	(165,000)
Capital outlay	<u>(154,683)</u>
Total expenses per Statement of Revenues, Expenses and Change in Net Position	<u>4,194,476</u>
Change in net position per Statement of Revenues, Expenses and Change in Net Position	<u><u>\$ (244,704)</u></u>

Mount Vernon Country Club Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
PROPRIETARY FUND - WATER FUND
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Service charges	\$ 299,356	\$ 190,500	\$ 190,641	\$ 141
Capital reserve fee	-	62,500	62,660	160
Other income	-	8,000	8,126	126
Total revenues	<u>299,356</u>	<u>261,000</u>	<u>261,427</u>	<u>427</u>
Expenditures				
Water costs	234,050	234,050	226,236	7,814
Debt service				
Principal	25,000	25,000	25,000	-
Interest	10,716	10,716	10,713	3
Capital outlay	-	63,500	63,541	(41)
Total expenditures	<u>269,766</u>	<u>333,266</u>	<u>325,490</u>	<u>7,776</u>
Excess of revenues over (under) expenditures	29,590	(72,266)	(64,063)	8,203
Other financing sources				
Tap fee revenue	-	55,000	55,000	-
Total other financing sources	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net change in fund balance	29,590	(17,266)	(9,063)	8,203
Fund balance - beginning of year, as restated	277,752	330,879	330,879	-
Fund balance - end of year	<u>\$ 307,342</u>	<u>\$ 313,613</u>	<u>\$ 321,816</u>	<u>\$ 8,203</u>

Mount Vernon Country Club Metropolitan District
RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION

WATER FUND

For the Year Ended December 31, 2019

Revenues (budgetary basis)	<u>\$ 316,427</u>
Total revenues per Statement of Revenues, Expenses and Change in Net Position	<u>316,427</u>
Expenditures (budgetary basis)	325,490
Depreciation	44,153
Debt principal	(25,000)
Capital outlay	<u>(63,541)</u>
Total expenses per Statement of Revenues, Expenses and Change in Net Position	<u>281,102</u>
Changes in net position per Statement of Revenues, Expenses and Change in Net Position	<u><u>\$ 35,325</u></u>