

**ERMD INTERIM FINANCIAL REPORT
JUNE 30, 2020**

BALANCE SHEET

Current assets are \$6.26M, consisting of \$6M cash and \$209K receivables and other. Bad debt consists of three accounts owing for 2020 annual maintenance fees plus delinquency charges and one account owing for two years of infrastructure fees plus delinquency charges. Emails will be sent to each owner in the near future as a reminder. If not paid by November, we will pursue having the fees collected by La Plata County with property taxes.

Property, Plant and Equipment is \$8.8M, which primarily represents the water and sewer infrastructure.

Other Assets are \$5.3M, made up primarily of all the roads for which the District has responsibility.

Liabilities are \$4.6M. The District's total 2020 tax levy is \$298,477. Of that amount \$70,345 is yet to be collected.

Total Net Position is \$15.7M.

FINANCIAL OVERVIEW:

The District's YTD Total Cash Inflow is \$1.1M, a positive variance from the budget of \$53K. There are several reasons for the variance. Property tax income was received earlier than expected; water usage was greater than budgeted; the District collected an extra \$13K for the AT&T water tower lease; and there were 16 new housing starts in the first half of 2020 compared to a budget of 10. After transferring \$393K to Reserves, Net Operating Cash Inflow is \$718K.

Total Operating Cash Outflow was \$498K, a positive variance of 56K. The variance is mainly from timing issues. The Cash Flow before Reserves was \$220K, giving us a positive variance of almost \$100K. Total cash flow including reserve activity is \$264K.

ANALYSIS OF RESERVE ACTIVITY:

Total Reserve Cash Inflow was \$393K, a positive variance from the budget of \$11K.

Total Reserve Cash Outflow was \$349K, a positive variance of \$230K. The largest variance of \$237K in WWTP Development is a timing issue. All necessary approvals have now been received and we are in the bidding phase for the new WWTP. The negative variance of \$17K is because the \$18,500 budget for the purchase of a new plow was inadvertently left out when preparing the budget.

Total Reserve increased by \$44K, beginning the year at \$5.4M and ending the quarter at \$5.45M.

CURRENT INFRASTRUCTURE STATUS

6/30/2020	WATER/SEWER CUSTOMERS	<u>RANCH</u>	<u>HIGHLAND</u>	<u>MEADOWS</u>	<u>TOTAL</u>
	UNIMPROVED	11	90	60	161
	RESIDENTIAL	220	348	35	603
	PONDS	3	0	0	3
	LANDSCAPING	3	2	1	6
	TOTAL	237	440	96	773

Miles of Road (estimate)	3.4	5.4	1.1	9.9
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EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Balance Sheet
JUNE 30, 2020

ASSETS

Current Assets

Cash	\$607,886
Water System Reserve	109,118
Sewer System Reserve	4,862,798
Road Maintenance Reserve	326,253
Snow Removal Reserve	148,610
Property Taxes Receivable	70,345
Water/Sewer Base Fees Receivable	51,571
Infrastructure Maintenance Fees Receivable	92,870
Other Current Assets	850
Bad Debt Reserve	-6,900

Total Current Assets 6,263,401

Property, Plant and Equipment

Water Source and Distribution Infrastructure	5,907,111
Water Treatment Infrastructure	678,783
Water Plant Equipment	172,780
Sewer Transmission Infrastructure	3,853,944
Sewer Treatment Infrastructure	427,813
Sewer Treatment Plant Construction in Progress	358,513
Sewer Plant Equipment	158,285
Transportation Equipment	206,491
Office Building	71,280
Accumulated Depreciation	-3,017,490

Total Property, Plant and Equipment 8,817,510

Other Assets

Roads Infrastructure	6,540,980
Security Infrastructure	262,576
Office Building & Equipment	333,502
Building Improvements	87,536
Land	62,609
Accumulated Depreciation	-2,031,375

Total Other Assets 5,255,828

TOTAL ASSETS \$20,336,739

LIABILITIES

Current Liabilities

Accounts Payable	40,002
Accrued Compensated Absences	11,260
Unearned revenue	20,500
Current portion of long-term debt	247,348

Total Current Liabilities 319,110

Long-term Debt

Leases Payable, net of current portion	0
Notes Payable, net of current portion	4,290,407

Total Long-term Debt 4,290,407

TOTAL LIABILITIES 4,609,517

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax Revenue	70,345
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NET POSITION

Retained Earnings	8,599,709
Contributed Capital	4,090,641
Investment in General Fixed Assets	2,155,763
Restricted for Roads	247,882
LT Debt Paid YTD Reported in Cash Flow as Outflow	298,475
Net Cash Flow	264,407

TOTAL NET POSITION 15,656,877

TOTAL LIABILITIES AND NET POSITION \$20,336,739

EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Statement of Cash Flows
JUNE 30, 2020 YTD

CASH INFLOW	Water Fund	Sewer Fund	General Fund	Long Term Debt	Total	Budget	Variance	%
Water / Sewer Base Fees	\$131,885	\$88,462			\$220,347	\$207,689	12,658	6%
Infrastructure Maintenance Fees	133,673	137,276			270,949	267,798	3,151	1%
Property Tax Income			\$188,841	\$50,495	239,336	216,985	22,351	10%
Snow Removal Fees			32,980		32,980	32,580	400	1%
Water / Sewer Reserves	55,697	247,099			302,796	299,370	3,426	1%
Inspection/Equipment/Impact Fees	7,536	400	8,400		16,336	9,960	6,376	64%
Lease Income			27,172		27,172	13,824	13,348	97%
EPOA Reimbursement			5,212		5,212	6,485	(1,273)	-20%
Other					0	150	(150)	-100%
Interest Income		3,362			3,362	3,350	12	0%
Bad Debt Reserve	-2,340	-4,200	-360		-6,900	0	(6,900)	
TOTAL CASH INFLOW	326,451	472,399	262,245	50,495	1,111,590	1,058,191	53,399	5%
Transfers to Reserves	-55,697	-250,461	-87,113	0	-393,271	-382,180		
NET OPERATING CASH INFLOW	270,754	221,938	175,132	50,495	718,319	676,011	42,308	6%
OPERATING CASH OUTFLOW								
Professional Fees	3,848	7,719	7,587	1,429	20,583	19,301	(1,282)	-7%
Office Expenses	3,548	3,134	1,598		8,280	7,824	(456)	-6%
Lease Expense	37,126	21,804	0		58,930	64,750	5,820	9%
Employee Expenses - Personnel	61,682	61,300	29,290		152,272	154,600	2,328	2%
Employee Exp - Taxes, Insurance, etc.	23,418	23,445	11,396		58,259	66,390	8,131	12%
Insurance	7,396	7,396	3,698		18,490	21,900	3,410	16%
Vehicle Expenses	1,198	1,335	439		2,972	8,075	5,103	63%
Operations Expenses	41,026	24,621	6,966		72,613	78,885	6,272	8%
Maintenance/Repair Equipment		171			171	4,725	4,554	96%
Maintenance/Repair Infrastructure	6,210		1,513		7,723	14,270	6,547	46%
Distribution / Collections	10,730	8,676			19,406	28,640	9,234	32%
Capital Expenditures					0	17,000	17,000	100%
Debt & Interest Payments				30,697	30,697	30,697	0	0%
Other	42,667	1,971	2,919		47,557	37,370	(10,187)	-27%
TOTAL OPERATING CASH OUTFLOW	238,849	161,572	65,406	32,126	497,953	554,427	56,474	10%
CASH FLOW BEFORE RESERVES	\$31,905	\$60,366	\$109,726	\$18,369	\$220,366	\$121,584	\$98,782	81%
NET RESERVE ACTIVITY	-5,411	31,984	17,468	0	44,041	-195,469	239,510	
TOTAL CASH FLOW	\$26,494	\$92,350	\$127,194	\$18,369	\$264,407	-\$73,885	\$338,292	-458%

EDGEMONT RANCH METROPOLITAN DISTRICT
Analysis of Reserve Activity
JUNE 30, 2020 YTD

	<u>Water System Reserve</u>	<u>Waste Water System Reserve</u>	<u>Road Maintenance Reserve</u>	<u>Snow Removal Reserve</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
CURRENT RESERVE CASH INFLOW							
Spring Valley Reservoir Reserve Fees	55,697				\$55,697	\$55,020	677
WWTP Reserve		247,099			\$247,099	244,350	2,749
Interest on Loan Proceeds		3,362			\$3,362	3,350	12
Road Maintenance Tax Levy			\$45,733		\$45,733	41,880	3,853
Snow Removal Fee				\$32,980	\$32,980	32,580	400
Road Impact Fees			8,400		\$8,400	5,000	3,400
TOTAL CASH INFLOW	55,697	250,461	54,133	32,980	393,271	382,180	11,091
CURRENT RESERVE CASH OUTFLOW							
Spring Valley Reservoir Loan Payments	61,108				61,108	61,108	0
WWTP Loan/Interest Payments		155,541			155,541	155,541	0
WWTP Development		62,936			62,936	300,000	237,064
R&M Roads			35,062		35,062	40,500	5,438
Snow Removal Expense				13,712	13,712	15,500	1,788
Snow Equipment R&M				3,571	3,571	5,000	1,429
New Plow for Loaders				17,300	17,300	0	(17,300)
TOTAL RESERVE CASH OUTFLOW	61,108	218,477	35,062	34,583	349,230	577,649	228,419
NET RESERVE CASH FLOW	<u>-5,411</u>	<u>\$31,984</u>	<u>\$19,071</u>	<u>-\$1,603</u>	<u>\$44,041</u>	<u>-\$195,469</u>	<u>-\$239,510</u>
PREVIOUS BALANCE (12/31/19)	<u>114,529</u>	<u>4,830,814</u>	<u>307,182</u>	<u>150,213</u>	<u>5,402,738</u>		
TOTAL RESERVE BALANCE	<u>\$109,118</u>	<u>\$4,862,798</u>	<u>\$326,253</u>	<u>\$148,610</u>	<u>\$5,446,779</u>		