

# **Cross Creek Metropolitan District**

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**Annual Financial Report**

**December 31, 2020**


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## Independent Auditor's Report

To the Board of Directors  
Cross Creek Metropolitan District  
Colorado Springs, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Cross Creek Metropolitan District (the 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 and major funds of the 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 the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

### **Other Matters**

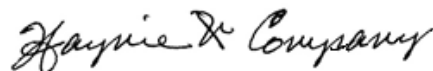
#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section, Summary of Assessed Valuations, 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.



Littleton, Colorado  
July 27, 2021

## **Basic Financial Statements**

**Cross Creek Metropolitan District**  
**Statement of Net Position**  
**December 31, 2020**

<b>Assets</b>	<b>Governmental Activities</b>
Cash and investments	\$ 378,159
Cash and investments - restricted	1,095,116
Property taxes receivable	454,861
Park fees receivable	11,114
Capital assets, net	2,245,895
Total assets	<u>\$ 4,185,145</u>
<b>Liabilities</b>	
Accounts payable	34,127
Total liabilities	<u>34,127</u>
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	454,861
Total deferred inflows of resources	<u>454,861</u>
<b>Net Position</b>	
Net investment in capital assets	2,245,895
Restricted for:	
Emergency	12,092
Unrestricted	<u>1,438,171</u>
Total net position	<u>3,696,157</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,185,145</u>

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

**Cross Creek Metropolitan District**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary Government</u>  <u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 403,050	\$ 92,744	\$ -	\$ 14,169	\$ (296,137)
	<u>403,050</u>	<u>92,744</u>	<u>-</u>	<u>14,169</u>	<u>(296,137)</u>
General revenues:					
Property taxes					454,037
Specific ownership taxes					49,856
Interest income					11,508
Misc. Income					407
Total general revenues					<u>515,808</u>
Change in net position					219,671
Net position - beginning of year					<u>3,476,486</u>
Net position - end of year					<u>\$ 3,696,157</u>

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

**Cross Creek Metropolitan District**  
**Governmental Funds Balance Sheet**  
**and Reconciliation of Fund Balances to Net Position**  
**December 31, 2020**

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Regional</u> <u>Park Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	378,159	\$ -	\$ -	\$ 378,159
Cash and investments - restricted	-	1,089,704	5,412	1,095,116
Park fees receivable	11,114	-	-	11,114
Property taxes receivable	454,861	-	-	454,861
Total assets	<u>\$ 844,134</u>	<u>\$ 1,089,704</u>	<u>\$ 5,412</u>	<u>\$ 1,939,250</u>
<b>Liabilities</b>				
Accounts payable	34,127	\$ -	\$ -	\$ 34,127
Total liabilities	<u>34,127</u>	<u>-</u>	<u>-</u>	<u>34,127</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	454,861	-	-	454,861
Total deferred inflows of resources	<u>454,861</u>	<u>-</u>	<u>-</u>	<u>454,861</u>
<b>Fund Balances</b>				
Restricted:				
Emergency reserves	14,384	-	-	14,384
Assigned	-	1,089,704	5,412	1,095,116
Unassigned	340,762	-	-	340,762
Total Fund Balances	<u>\$ 355,146</u>	<u>\$ 1,089,704</u>	<u>\$ 5,412</u>	<u>\$ 1,450,262</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>2,245,895</u>
Net position of governmental activities	<u>\$ 3,696,157</u>

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



**Cross Creek Metropolitan District**  
**Governmental Fund Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Regional Park Fund</u>	<u>Total</u>
<b>Revenues</b>				
Property taxes	\$ 454,037	\$ -	\$ -	\$ 454,037
Specific ownership taxes	49,856	-	-	49,856
Tax Equivalent Maintenance Fee	18,325	-	-	18,325
Park revenues	-	-	8,015	8,015
Conservation trust funds	-	14,169	-	14,169
Regional Park Cost Share - MRMD	-	-	66,404	66,404
Misc. Income	407	-	-	407
Interest income	11,508	-	-	11,508
Total General Revenues	<u>534,133</u>	<u>14,169</u>	<u>74,419</u>	<u>622,721</u>
<b>Expenditures</b>				
Director stipend - payroll	5,138	-	-	5,138
Professional fees	57,285	-	-	57,285
Administrative	12,030	-	-	12,030
County Treasurer's fees	6,811	-	-	6,811
Repairs and maintenance	160,389	-	-	160,389
Utilities	125,272	-	-	125,272
Park management	22,998	-	-	22,998
Capital outlay	1,750	87,783	-	89,533
Total Expenditures	<u>391,673</u>	<u>87,783</u>	<u>-</u>	<u>479,456</u>
<b>Other financing sources (uses)</b>				
Transfers in (out)	<u>(154,490)</u>	<u>265,134</u>	<u>(110,644)</u>	<u>-</u>
Total other financing sources (uses)	<u>(154,490)</u>	<u>265,134</u>	<u>(110,644)</u>	<u>-</u>
<b>Net change in fund balances</b>	(12,030)	191,520	(36,225)	143,265
<b>Fund balances:</b>				
<b>Beginning of the year</b>	<u>367,176</u>	<u>898,184</u>	<u>41,637</u>	<u>1,306,997</u>
<b>End of the year</b>	<u>\$ 355,146</u>	<u>\$ 1,089,704</u>	<u>\$ 5,412</u>	<u>\$ 1,450,262</u>

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

**Cross Creek 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	\$ 143,265
<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>	
Capital outlay	87,784
Depreciation	<u>(11,378)</u>
Change in net position of governmental activities	<u>\$ 219,671</u>

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

**Cross Creek Metropolitan District**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—General Fund**  
**For the Year Ended December 31, 2020**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue</b>			
Property taxes	\$ 454,225	\$ 454,037	\$ (188)
Specific ownership taxes	42,000	49,856	7,856
Tax Equivalent Maintenance Fee	-	18,325	18,325
Interest income	-	11,508	11,508
Misc. Income	-	407	407
Total Revenue	496,225	534,133	37,908
<b>Expenditures</b>			
Director stipend - payroll	7,000	5,138	1,862
Professional fees	69,872	57,285	12,587
Administrative	24,000	12,030	11,970
County Treasurer's fees	6,813	6,811	2
Repairs and maintenance	351,500	160,389	191,111
Utilities	110,000	125,272	(15,272)
Miscellaneous	3,000	1,750	1,250
Park management	22,726	22,998	(272)
Total Expenditures	594,911	391,673	203,238
<b>Other financing sources (uses)</b>			
Transfers in (out)	-	(154,490)	(154,490)
Total other financing sources (uses)	-	(154,490)	(154,490)
<b>Change in fund balance</b>	(98,686)	(12,030)	86,656
<b>Fund Balance—Beginning of year</b>		367,176	
<b>Fund Balance—End of Year</b>		\$ 355,146	

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

# **Cross Creek Metropolitan District**

## **Notes to Financial Statements**

### **December 31, 2020**

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#### **1. Definition of Reporting Entity**

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Cross Creek Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court 2003, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to provide parks and recreation; street improvements; storm sewer; and flood and surface drainage maintenance for the Cross Creek and Mesa Ridge community and other areas in and around the City of Fountain, Colorado. The District is governed by a separately elected, five-member board of directors, which is the policy making body 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 no employees and all operations and administrative functions are contracted.

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

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#### **2. Summary of Significant Accounting Policies**

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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.

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.

**Cross Creek Metropolitan District**  
**Notes to Financial Statements (continued)**  
**December 31, 2020**

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**2. Summary of Significant Accounting Policies (continued)**

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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 the governmental funds. Major individual governmental funds are reported as separate columns in the 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 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 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.

The Capital Projects Fund is the District's fund to account for the financial resources used for the acquisition and/or construction of major capital improvements throughout the District. The Hale Reservoir Fund has been included with the Capital Projects Fund because it does not meet the criteria of a special revenue fund under generally accepted accounting principles.

The Regional Park Fund is the District's fund to account for the financial resources used for the acquisition and/or capital construction of Cross Creek Regional Park.

**Cross Creek Metropolitan District**  
**Notes to Financial Statements (continued)**  
**December 31, 2020**

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**2. Summary of Significant Accounting Policies (continued)**

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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.

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.

**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 unless otherwise indicated.

The District's actual 2020 expenditures in the Capital Projects Fund exceeded budgeted appropriations, which may be a violation of State statutes.

**Cash and Investments**

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value. The District had no investments as of December 31, 2020.

**Property Taxes**

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

**Cross Creek Metropolitan District  
Notes to Financial Statements (continued)  
December 31, 2020**

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**2. Summary of Significant Accounting Policies (continued)**

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

**Capital Assets**

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities' column 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 in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation net investment of capital assets component of the District's net position.

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.

Buildings	30 years
Recreation and other equipment	7 years

**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 the spending constraints:

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

**Cross Creek Metropolitan District  
Notes to Financial Statements (continued)  
December 31, 2020**

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**2. Summary of Significant Accounting Policies (continued)**

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- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *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.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. 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.

**Restricted Fund Balance**

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

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**3. Cash and Investments**

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Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Deposits with financial institutions	<u>\$ 1,473,275</u>
Total cash and investments	<u>\$ 1,473,275</u>

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.



**Cross Creek Metropolitan District  
Notes to Financial Statements (continued)  
December 31, 2020**

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**3. Cash and Investments (continued)**

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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.

As of December 31, 2020, the District's cash deposits had a bank balance of \$1,539,060 and a carrying balance of \$1,473,275, of which \$739,821 was FDIC insured. The remaining cash balance is covered by the PDPA.

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**4. Capital Assets**

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An analysis of the changes in net capital assets for the year ended December 31, 2020 follows:

	<b>Balance December 31, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2020</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 1,725,618	\$ -	\$ -	1,725,618
Construction in progress	<u>224,646</u>	<u>18,544</u>	<u>-</u>	<u>243,190</u>
Total capital assets, not being depreciated:	1,950,264	18,544	-	1,968,808
Capital assets, being depreciated:				
Buildings	304,931	-	-	304,931
Equipment	<u>94,702</u>	<u>69,240</u>	<u>-</u>	<u>163,942</u>
Total capital assets, being depreciated	<u>399,633</u>	<u>69,240</u>	<u>-</u>	<u>468,873</u>
Less accumulated depreciation for:				
Buildings	(91,360)	(10,167)		(101,527)
Equipment	<u>(89,048)</u>	<u>(1,211)</u>	<u>-</u>	<u>(90,259)</u>
Capital assets, net	<u>\$ 2,169,489</u>	<u>\$ (11,378)</u>	<u>\$ -</u>	<u>\$ 2,245,895</u>

Depreciation expense of \$11,378 for the year ended December 31, 2020 was charged to general government activities.

**Cross Creek Metropolitan District  
Notes to Financial Statements (continued)  
December 31, 2020**

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**5. Net Position**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 as follows:

Restricted net position:

Emergency Reserves (see Note 8)	\$12,092
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The District's unrestricted net position as of December 31, 2020 was \$1,438,171.

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**6. Intergovernmental Agreement**

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Effective as of January 26, 2011, the District and Mesa Ridge Metropolitan District No. 1 ("Mesa Ridge District") entered into an intergovernmental agreement regarding a regional park wherein the District has agreed to construct, own, operate and maintain facilities benefitting both the District and Mesa Ridge District. Mesa Ridge District has agreed to participate in certain design and construction costs required to complete the regional park, up to a maximum capital contribution of one half of the cost, currently estimated at \$2,500,000 or the amount of the Mesa Ridge Park fee actually collected. In addition, the District and Mesa Ridge District have agreed to jointly fund the operation and maintenance of the regional park, beginning on January 2, 2012.

Effective as of April 1, 2011, the District and Mesa Ridge District entered into an intergovernmental agreement regarding entrance features wherein the District and Mesa Ridge District have agreed to share in the maintenance, repair and upkeep of the entrance parcels as fully described in the entrance features agreement.

**Cross Creek Metropolitan District  
Notes to Financial Statements (continued)  
December 31, 2020**

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**7. Risk Management**

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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 (the "Pool") as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

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**8. Tax, Spending and Debt Limitations**

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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). 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.

**Cross Creek Metropolitan District**  
**Notes to Financial Statements (continued)**  
**December 31, 2020**

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**9. Risks and Uncertainties**

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On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the District's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. As a consequence, the pandemic and its associated impact on the U.S. economy and public confidence could have a material impact on the District's future results of operations, financial condition and cash flows.

## **Other Supplementary Information**

**Cross Creek Metropolitan District**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Capital Projects Fund**  
**For the Year Ended December 31, 2020**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue</b>			
Conservation trust funds	\$ 10,000	\$ 14,169	\$ 4,169
Total Revenue	10,000	14,169	4,169
<b>Expenditures</b>			
Capital outlay	25,000	87,783	(62,783)
Total Expenditures	25,000	87,783	(62,783)
<b>Other financing sources (uses)</b>			
Transfers in (out)	-	265,134	265,134
Total other financing sources (uses)	-	265,134	265,134
<b>Change in fund balance</b>	(15,000)	191,520	206,520
<b>Fund Balance—Beginning of year</b>		898,184	
<b>Fund Balance—End of Year</b>		\$ 1,089,704	

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

**Cross Creek Metropolitan District**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Regional Park Fund**  
**For the Year Ended December 31, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>			
Park revenues	\$ -	\$ 8,015	\$ 8,015
Regional Park Cost Share - MRMD	<u>-</u>	<u>66,404</u>	<u>66,404</u>
Total Revenue	<u>-</u>	<u>74,419</u>	<u>74,419</u>
<b>Expenditures</b>			
Capital outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>Other financing sources (uses)</b>			
Transfers in (out)	<u>-</u>	<u>(110,644)</u>	<u>(110,644)</u>
Total other financing sources (uses)	<u>-</u>	<u>(110,644)</u>	<u>(110,644)</u>
<b>Change in fund balance</b>	(25,000)	(36,225)	(11,225)
<b>Fund Balance—Beginning of year</b>		<u>41,637</u>	
<b>Fund Balance—End of Year</b>		<u>\$ 5,412</u>	

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