
Fiddler's Business Improvement District

(a component unit of the City of Greenwood Village, Colorado)

**Financial Report
with Supplemental Information
December 31, 2018**

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Independent Auditor's Report

To the Members of the Governing Body
Fiddler's Business Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fiddler's Business Improvement District (the "District"), which is a component unit of the City of Greenwood Village, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Fiddler's Business Improvement 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 from 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 opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fiddler's Business Improvement District as of December 31, 2018 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2017 components of net position were changed to conform to the 2018 presentation, specifically related to the calculation of net investment in capital assets and restricted net position; total net position was not changed. Our conclusion is not modified with respect to this matter.

To the Members of the Governing Body
Fiddler's Business Improvement District

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the General Fund 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules for the debt service and capital and bond proceeds funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules for the debt service and capital and bond proceeds funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Plante & Moran, PLLC

June 28, 2019

Fiddler's Business Improvement District

Management's Discussion and Analysis

As management of the Fiddler's Business Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2018.

Financial Highlights

- The governmental funds balance sheet shows total current and other assets of \$4,332,839, total liabilities of \$228,492, and total deferred inflows of resources of \$2,969,486.
- In the statement of net position, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows by \$16,034,991. Of this amount, \$29,745 represents nonspendable funds, \$(14,515,483) represents the net investment in capital assets, \$549,130 is restricted for debt service, and \$85,265 is restricted for land purchase and improvements. The remainder of the net position is unrestricted.
- The District's total net position increased by \$591,207, mostly due to increased revenue resulting from a favorable settlement of a LIBOR dispute with the District's bank.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,134,861, a decrease of \$47,734 in comparison to the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$470,721, approximately two-thirds of which was total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the 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 related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District are to provide parking facilities for individuals, businesses, and the public.

The government-wide financial statements include only the District itself.

Fiddler's Business Improvement District

Management's Discussion and Analysis (Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds are classified as governmental funds.

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, during FY 2018, net position was increased by \$591,207.

District's Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2018</u>
Assets		
Current and other assets:		
Cash and investments	\$ 1,328,913	\$ 1,326,053
Receivables - Taxes receivable	2,984,019	2,977,041
Other assets - Prepaid expenses and other assets	28,714	29,745
Capital assets	<u>45,550,838</u>	<u>44,959,671</u>
Total assets	49,892,484	49,292,510
Deferred Outflows of Resources	1,448,891	1,301,714
Liabilities		
Current liabilities	3,754,014	4,989,729
Long-term liabilities	<u>61,230,500</u>	<u>58,670,000</u>
Total liabilities	64,984,514	63,659,729
Deferred Inflows of Resources	<u>2,983,059</u>	<u>2,969,486</u>
Net Position		
Net investment in capital assets	(14,955,501)	(14,515,483)
Restricted:		
Restricted for debt service	571,047	549,130
Restricted for land purchase and improvement	610,950	85,265
Nonspendable	28,714	29,745
Unrestricted	<u>(2,881,408)</u>	<u>(2,183,648)</u>
Total net position	<u>\$ (16,626,198)</u>	<u>\$ (16,034,991)</u>

The District has a deficit in net position related to its investment in capital assets (e.g., land, buildings, machinery, and equipment), as it includes debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from taxes, parking fees, and other resources, since the capital assets themselves cannot produce sufficient revenue to liquidate these liabilities.

Fiddler's Business Improvement District

Management's Discussion and Analysis (Continued)

A portion of the District's net position, totaling \$549,130, represents resources that are subject to external restrictions requiring it to be used for debt service. Another portion of the District's net position, totaling \$85,265, represents resources that are subject to restrictions for land purchase and improvements. Other than nonspendable prepaid expenses and other assets, the remaining net position is unrestricted.

At the end of the current fiscal year, the District reported positive balances in four of five categories of net position and for all of its separate governmental funds.

The District's net position increased by \$591,207 during the current fiscal year due primarily to the items discussed in the financial highlights on page three. Over time, the District's net position is expected to increase as reductions to its debt from principal payments exceed reductions to its capital assets from depreciation.

Governmental activities decreased the District's fund balance by \$47,734.

District's Changes in Net Position

	2017	2018
Revenue		
Parking	\$ 1,156,951	\$ 1,190,006
Property taxes	2,372,092	2,940,430
Specific ownership tax	203,446	215,347
Investment earnings	11,747	614,861
	<u>3,744,236</u>	<u>4,960,644</u>
Total revenue		
Expenses		
Parking operations and maintenance	202,894	167,652
Professional services	184,410	112,397
Insurance	28,341	28,714
Rent	15,132	13,121
Other	2,179	-
Financing fees	540,500	-
Lease termination fee	800,000	300,000
Depreciation	1,166,256	1,168,955
Interest and letter of credit fees	2,045,017	2,578,598
	<u>4,984,729</u>	<u>4,369,437</u>
Total expenses		
Excess of Revenue (Under) Over Expenses	(1,240,493)	591,207
Net Position - Beginning of year	<u>(15,385,705)</u>	<u>(16,626,198)</u>
Net Position - End of year	<u>\$ (16,626,198)</u>	<u>\$ (16,034,991)</u>

Financial Analysis of Individual Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance, which has not yet been limited to use for a particular purpose by an external party.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,134,861, a decrease of \$47,734 from 2017. Approximately 41 percent of this total amount constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted to pay debt service or fund capital projects.

Total fund revenue amounted to \$4,960,644, including \$1,190,006 in parking revenue and \$2,940,430 in property tax revenue. Total fund expenditures amounted to \$4,369,437, including \$2,578,598 in interest and fiscal charges.

Fiddler's Business Improvement District

Management's Discussion and Analysis (Continued)

The General Fund is the main operating fund of the District. At the end of the current fiscal year, the unassigned fund balance was \$470,721. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The fund balance of the District's General Fund increased by \$499,868 during the current fiscal year. This change is the result of interfund transfers, mostly from the favorable LIBOR settlement.

The Debt Service Fund has a total fund balance of \$549,130, all of which is restricted for the payment of debt service.

The Capital and Bond Proceeds Fund's balance of \$85,265 is restricted for capital projects.

Fund Budgetary Highlights

The District's General Fund net excess was approximately \$30,000 favorable to the approved budget.

The District's Debt Service Fund net excess was approximately \$2,000 favorable to the approved budget.

The District's Capital and Bond Proceeds Fund net excess was approximately \$292,000 unfavorable to the approved budget.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$(14,515,483) (net of accumulated depreciation). This investment in capital assets includes land and buildings, and is net of the related debt.

The District invested an additional \$577,786 in capital assets during the year ended December 31, 2018.

Capital Assets Net of Accumulated Depreciation

	2018	2017
Land	\$ 8,455,343	\$ 8,455,343
Interest in Palazzo Verdi (Madden Museum Space)	2,100,000	2,100,000
Stand-alone parking structure	25,269,978	26,113,762
Palazzo Verdi parking (floors 3-5)	7,482,262	7,240,369
Surface lot improvements	1,539,639	1,505,428
Equipment	112,449	135,937
Total	<u>\$ 44,959,671</u>	<u>\$ 45,550,839</u>

Additional information on the District's capital assets can be found in Note 5.

Debt

At the end of the current fiscal year, the District had total debt outstanding of \$61,230,500, consisting of \$47,100,000 in General Obligation Multi-Modal Bonds, \$5,270,000 in General Obligation Refunding and Improvement Bonds, \$6,300,000 in Subordinate General Obligation Limited Tax Bonds, and \$2,560,500 in related party notes.

Additional information on the District's debt can be found in Note 6.

Economic Factors and Next Year's Budgets and Rates

In 1999, electors of the District voted to exempt the revenue of the District from the revenue and spending limitations imposed by Section 20, Article X, of the Colorado constitution.

The District currently receives a substantial portion of its revenue (both tax and parking revenue) from related entities. A downturn in the economy could have a significant impact on the District.

Fiddler's Business Improvement District

Management's Discussion and Analysis (Continued)

Requests for Further Information

This financial report is intended to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fiddler's Business Improvement District at 6501 South Fiddler's Green Circle, Suite 110, Greenwood Village, CO 80111.

Fiddler's Business Improvement District

Governmental Funds Statement of Net Position/Governmental Fund Balance Sheet

December 31, 2018

	General Fund	Debt Service Fund	Capital and Bond Proceeds Fund	Total Governmental Funds	Full Accrual	Statement of Net Position - Full Accrual Basis
Assets						
Cash and investments (Note 4)	\$ 531,577	\$ 549,130	\$ 245,346	\$ 1,326,053	\$ -	\$ 1,326,053
Taxes receivable:						
Property taxes receivable	406,779	2,562,707	-	2,969,486	-	2,969,486
Accounts receivable	-	-	7,555	7,555	-	7,555
Prepaid expenses and other assets	29,745	-	-	29,745	-	29,745
Capital assets - Net (Note 5)						
Assets not subject to depreciation	-	-	-	-	8,464,657	8,464,657
Assets subject to depreciation - Net	-	-	-	-	36,495,014	36,495,014
Total assets	<u>968,101</u>	<u>3,111,837</u>	<u>252,901</u>	<u>4,332,839</u>	<u>44,959,671</u>	<u>49,292,510</u>
Deferred Outflows of Resources - Deferred charge on refunding	-	-	-	-	1,301,714	1,301,714
Total assets and deferred outflows of resources	<u>\$ 968,101</u>	<u>\$ 3,111,837</u>	<u>\$ 252,901</u>	<u>\$ 4,332,839</u>	<u>46,261,385</u>	<u>50,594,224</u>
Liabilities						
Accounts payable	\$ 15,440	\$ -	\$ 47,132	\$ 62,572	-	62,572
Accounts payable - Related party	45,416	-	-	45,416	6,326	51,742
Accrued liabilities and other	-	-	120,504	120,504	2,194,411	2,314,915
Notes payable - Related party - Due in more than one year	-	-	-	-	2,560,500	2,560,500
Bonds payable: (Note 6)						
Due within one year	-	-	-	-	1,510,000	1,510,000
Due in more than one year	-	-	-	-	57,160,000	57,160,000
Total liabilities	<u>60,856</u>	<u>-</u>	<u>167,636</u>	<u>228,492</u>	<u>63,431,237</u>	<u>63,659,729</u>
Deferred Inflows of Resources - Property taxes levied for the next fiscal year	406,779	2,562,707	-	2,969,486	-	2,969,486
Total liabilities and deferred inflows of resources	<u>467,635</u>	<u>2,562,707</u>	<u>167,636</u>	<u>3,197,978</u>	<u>63,431,237</u>	<u>66,629,215</u>
Equity						
Fund balances:						
Nonspendable	29,745	-	-	29,745	(29,745)	-
Restricted:						
Debt service	-	549,130	-	549,130	(549,130)	-
Land purchase and improvements	-	-	85,265	85,265	(85,265)	-
Unassigned	470,721	-	-	470,721	(470,721)	-
Total fund balances	<u>500,466</u>	<u>549,130</u>	<u>85,265</u>	<u>1,134,861</u>	<u>(1,134,861)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 968,101</u>	<u>\$ 3,111,837</u>	<u>\$ 252,901</u>	<u>\$ 4,332,839</u>		
Net Position						
Net investment in capital assets					(14,515,483)	(14,515,483)
Restricted:						
Restricted for Debt Service					549,130	549,130
Restricted for land purchase and improvement					85,265	85,265
Nonspendable					29,745	29,745
Unrestricted					(2,183,648)	(2,183,648)
Total net position					<u>\$ (16,034,991)</u>	<u>\$ (16,034,991)</u>

See notes to financial statements.

Fiddler's Business Improvement District

Governmental Funds

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balances/ Statement of Activities

Year Ended December 31, 2018

	General Fund	Debt Service Fund	Capital and Bond Proceeds Fund	Total Governmental Funds	Adjustments	Total
Revenue						
Parking	\$ -	\$ 1,190,006	\$ -	\$ 1,190,006	\$ -	\$ 1,190,006
Property taxes	402,799	2,537,631	-	2,940,430	-	2,940,430
Specific ownership tax	29,500	185,847	-	215,347	-	215,347
Investment earnings	578,010	36,851	-	614,861	-	614,861
Total revenue	1,010,309	3,950,335	-	4,960,644	-	4,960,644
Expenditures/Expenses						
Parking operations and maintenance	167,652	-	-	167,652	-	167,652
Professional services	112,397	-	-	112,397	-	112,397
Insurance	28,714	-	-	28,714	-	28,714
Rent	13,121	-	-	13,121	-	13,121
Capital projects	-	-	577,786	577,786	(577,786)	-
Lease termination fee	158,373	141,627	-	300,000	-	300,000
Depreciation	-	-	-	-	1,168,955	1,168,955
Debt service:						
Principal	-	1,380,000	-	1,380,000	(1,380,000)	-
Interest and fiscal charges	-	2,428,708	-	2,428,708	149,890	2,578,598
Total expenditures/expenses	480,257	3,950,335	577,786	5,008,378	(638,941)	4,369,437
Excess of Revenue Over (Under) Expenditures	530,052	-	(577,786)	(47,734)	638,941	591,207
Other Financing (Uses) Sources - Interfund transfers	(30,184)	(21,917)	52,101	-	-	-
Net Change in Fund Balances/Net Position	499,868	(21,917)	(525,685)	(47,734)	638,941	591,207
Fund Balances/Net Position - Beginning of year	598	571,047	610,950	1,182,595	(17,808,793)	(16,626,198)
Fund Balances/Net Position - End of year	\$ 500,466	\$ 549,130	\$ 85,265	\$ 1,134,861	\$ (17,169,852)	\$ (16,034,991)

December 31, 2018

Note 1 - Nature of Business

Fiddler's Business Improvement District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado, formed in 1999 pursuant to the provisions of Title 31, Article 25, Part 12, Colorado Revised Statutes, as amended. The District was created by the City Council of the City of Greenwood Village, Colorado (the "City"), pursuant to Ordinance 41 of 1999 for the purpose of providing certain public improvements and services to, and for the benefit of, the properties within the District.

The City Council of the City of Greenwood Village, Colorado annually approves an operating plan for the District and is responsible for appointing the District's board of directors (the "Board").

The District has no employees, and all operational and administrative functions are contracted.

The District follows the Governmental Accounting Standards Board's (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.

Note 2 - Significant Accounting Policies

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, costs that will be funded in the future are not counted until they come due for payment. In addition, debt service expenditures are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the District considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: parking, debt proceeds, property taxes, specific ownership, and investment earnings.

Fund Accounting

The District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The District reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Note 2 - Significant Accounting Policies (Continued)

- The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- The Capital and Bond Proceeds Fund is used to account for funds designated for construction of additional parking, particularly design, engineering, planning, and land acquisition. This fund completed its purpose at the end of 2018, and will be wound down in 2019.

Interfund Activity

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated, so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Specific Balances and Transactions

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the District considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Capital Assets

Capital assets 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 \$2,500 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 acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Stand-alone parking structure	40
Palazzo Verdi parking	40
Surface lots	10
Equipment	7

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The District reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Deferred charge on bond refunding	✓	
Property taxes levied for the following year		✓

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Note 2 - Significant Accounting Policies (Continued)

Property Tax Revenue

Property tax levies are determined by the District's Board based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is certified to the county on or before December 15 to lien the individual properties as of January 1 of the following year. The county treasurer collects the taxes during February and April or June. Delinquent taxpayers are notified in August, and sales of the tax liens on delinquent properties are held in November. The county treasurer remits the taxes collected monthly to the District, less a collection fee.

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

Budget

In accordance with the State Budget Law, the District's Board 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 budget may be amended by action of the Board upon proper publication.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 28, 2019, which is the date the financial statements were available to be issued.

December 31, 2018

Note 3 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Total fund balances of the District's governmental funds of \$1,134,861 differ from net position of governmental activities of \$(16,034,991), reported in the statement of net position in the basic financial statements. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet at December 31, 2018.

Fund Balances Reported in Governmental Funds	\$ 1,134,861
Amounts reported for governmental activities in the balance sheet are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets, less impairment	58,569,800
Accumulated depreciation	<u>(13,610,129)</u>
Net capital assets used in governmental activities	44,959,671
Bonds payable are not due and payable in the current period and are not reported in the funds	(58,670,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(2,194,411)
Bond refunding charges are amortized over the life of the issue in the statement of net position, but are not due and payable in the current period and, therefore, are not reported in the governmental funds	1,301,714
Other long-term liabilities, such as notes and retainages payable	(2,560,500)
Internal service funds are included as part of governmental activities - All other items	<u>(6,326)</u>
Net Position of Governmental Activities	<u><u>\$ (16,034,991)</u></u>

The net change in fund balances for governmental funds of \$(47,734) in the statement of governmental fund revenue, expenditures, and changes in fund balances differs from the change in net position for governmental activities of \$591,207, reported in the statement of activities. The difference arises primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect at December 31, 2018 is illustrated below.

Net Change in Fund Balances Reported in Governmental Funds	\$ (47,734)
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, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	577,786
Accumulated depreciation	(1,168,955)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,380,000
Bond refunding charges amortized as interest expense over the life of the bond in the statement of activities	<u>(149,890)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 591,207</u></u>

Note 4 - Cash Deposits and Investments

The Colorado Public Deposit Protection Act (the "PDPA") requires that all political subdivisions of the state 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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all 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 the aggregate uninsured deposits. The Colorado Divisions of Banking 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.

At December 31, 2018, the District's cash and investments had a bank balance and a carrying balance as follows:

Investment Type	Bank Balance
First National	\$ 531,577
COLOTRUST	37,234
Bond funds	<u>757,242</u>
Total	<u>\$ 1,326,053</u>

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2018, the District's bank balance was not exposed to custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through the PDPA.

The bond funds constitute funds received from bond issuances that are currently in governmental money market accounts. These funds are held in U.S. Bank commercial paper funds and are rated A1/P1. The remaining funds are in the First American Treasury Obligation Fund, Class D, which is not subject to custodial credit risk and are rated AAAM by Standard & Poor's.

The local government investment pool, which includes COLOTRUST, is rated AAAM by Standard & Poor's.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

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

December 31, 2018

Note 5 - Capital Assets

The following is an analysis of changes in capital assets for the year ended December 31, 2018:

	Balance December 31, 2017	Reclassifications	Additions	Balance December 31, 2018
Capital assets not being depreciated:				
Construction in progress	\$ 1,505,428	\$ (2,073,901)	\$ 577,787	\$ 9,314
Land	8,455,343	-	-	8,455,343
Depreciable capital assets:				
Interest in Palazzo Verdi (Madden Museum Space)	7,800,000	-	-	7,800,000
Stand-alone parking structure	33,695,176	-	-	33,695,176
Palazzo Verdi parking (floors 3-5)	12,067,281	543,575	-	12,610,856
Equipment	168,785	-	-	168,785
Surface lot improvements	-	1,530,326	-	1,530,326
Subtotal	53,731,242	2,073,901	-	55,805,143
Accumulated depreciation and impairment:				
Impairment of capital assets	5,700,000	-	-	5,700,000
Stand-alone parking structure	7,581,415	-	843,783	8,425,198
Palazzo Verdi parking (floors 3-5)	4,826,912	-	301,682	5,128,594
Equipment	32,847	-	23,490	56,337
Subtotal	18,141,174	-	1,168,955	19,310,129
Net capital assets being depreciated	35,590,068	2,073,901	(1,168,955)	36,495,014
Net governmental activities capital assets	\$ 45,550,839	\$ -	\$ (591,168)	\$ 44,959,671

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

	Beginning Balance	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:				
Series 2003	\$ 6,300,000	\$ -	\$ 6,300,000	\$ -
Series 2013	48,250,000	(1,150,000)	47,100,000	1,440,000
Series 2017	5,500,000	(230,000)	5,270,000	70,000
Total principal outstanding	\$ 60,050,000	\$ (1,380,000)	\$ 58,670,000	\$ 1,510,000

At an election conducted in November 2013, the District was authorized to increase its outstanding debt by \$40,591,610 to \$110,741,610 (excluding refundings). This increase was desired to support future expansion of the District's parking facilities and for park and recreation improvements. The District was also authorized to increase its outstanding debt related to refundings by \$105,000,000, giving it the flexibility to refund all of its bonds if market conditions are favorable.

December 31, 2018

Note 6 - Long-term Debt (Continued)

At present, the District has been authorized by the City to issue up to \$3,244,885 of additional debt. Issuance of any debt beyond the \$3,244,885 would require the City's approval and must be under the limits of the authorized but unissued debt summarized in the table below.

At December 31, 2018, the District had authorized but unissued indebtedness in the following amounts, allocated for the following purposes:

Purpose	Amount Authorized	Authorized but Unissued
Public events facilities	\$ 9,529,192	\$ 9,529,192
Parking/Streets	32,931,197	30,186,312
Parks and recreation	10,000,000	9,000,000
Refundings	105,015,115	104,515,115
Total	<u>\$ 157,475,504</u>	<u>\$ 153,230,619</u>

\$1,825,000 Subordinate General Obligation Limited Tax Bonds, Series 2003B

The \$1,825,000 Subordinate General Obligation Limited Tax Bonds, Series 2003B (the "Series 2003B") were issued as consideration for land to be used as public parking facility and are owned by Fiddler's Green Center, LLC, a related party. They accrue interest at a rate of 8 percent, which is to be paid semiannually beginning on December 15, 2003, if funds are available. The Series 2003B mature on December 15, 2031.

All of the Series 2003B, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Series B pledged revenue, and the Series B pledged revenue is pledged to the payment of the Series B bonds and Series C bonds. The Series B bonds and Series C bonds shall constitute an irrevocable lien upon the Series B pledged revenue, subordinate to the lien of the District's General Obligation Variable Rate Refunding Bonds, Series 2003, dated August 14, 2003, in the aggregate principal amount of \$18,115,000 (the "Senior Bonds") and refundings thereof, the Reimbursement Agreement, the Guarantee Agreement, and any obligation of the District to reimburse John Madden Company; Madden Consolidated Holdings, LLC; Palazzo Verdi, LLC; and RubiconMadden Holdings I, LLC (collectively, the "Developer") or an owner of the Developer for cash advances made to pay district expenses. Subject to expressed conditions, obligations in addition to the Series B bonds and Series C bonds of this issue may be issued and made payable from the Series B pledged revenue having a lien thereon senior, subordinate, or on parity with the lien of Series 2003B of this issue, in accordance with the provisions of the Series B bond resolution. The Series B pledged revenue means, after the payment of the costs of issuing the Series C bonds, all operating and maintenance expenses of the District on an annual basis, and after the payment of amounts due on (i) the Senior Bonds, or at any time the letter of credit is in effect, all amounts remaining due and owing pursuant to the Reimbursement Agreement; (ii) the permissible reimbursement to the guarantors pursuant to the guarantors' Reimbursement Agreement; and (iii) the replenishment of the reserve fund to the required reserve, the monies derived by the District from the debt mill levy account and other pledged revenue account, in the above priority.

The principal of and interest on the Series 2003B are payable solely from and to the extent of the Series B pledged revenue, which may or may not be sufficient to pay the principal of and interest on the Series B bonds and Series C bonds.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements for Series 2003B

Years Ending December 31	Principal	Interest	Total
2019	\$ -	\$ 146,000	\$ 146,000
2020	-	146,000	146,000
2021	-	146,000	146,000
2022	-	146,000	146,000
2023	-	146,000	146,000
Thereafter	1,825,000	1,168,000	2,993,000
Total	<u>\$ 1,825,000</u>	<u>\$ 1,898,000</u>	<u>\$ 3,723,000</u>

\$4,475,000 Subordinate General Obligation Limited Tax Bonds, Series 2003C

The \$4,475,000 Subordinate General Obligation Limited Tax Bonds, Series 2003C (the "Series 2003C") were issued as consideration for land to be used as a public parking facility and are owned by Fiddler's Green Center, LLC, a related party. They accrue interest at a rate of 8 percent, which is to be paid semiannually, beginning on December 15, 2003, if funds are available. The Series 2003C mature on December 15, 2031.

All of the Series 2003C, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Series B pledged revenue, and the Series B pledged revenue is pledged to the payment of the Series B bonds and Series C bonds. The Series B bonds and Series C bonds shall constitute an irrevocable lien upon the Series B pledged revenue, subordinate to the lien of the District's General Obligation Variable Rate Refunding Bonds, Series 2003, dated August 14, 2003, in the aggregate principal amount of \$18,115,000 and refundings thereof, the Reimbursement Agreement, the Guarantee Agreement, and any obligation of the District to reimburse the Developer or an owner of the Developer for cash advances made to pay district expenses. Subject to expressed conditions, obligations in addition to the Series B bonds and Series C bonds of this issue may be issued and made payable from the Series B pledged revenue having a lien thereon senior, subordinate, or on parity with the lien of the Series 2003C of this issue, in accordance with the provisions of the bond resolution.

The Series B pledged revenue means, after the payment of the costs of issuing the Series C bonds, all operating and maintenance expenses of the District on an annual basis, and after the payment of amounts due on (i) the Senior Bonds, or at any time the letter of credit is in effect, all amounts remaining due and owing pursuant to the Reimbursement Agreement; (ii) the permissible reimbursement to the guarantors pursuant to the guarantors' Reimbursement Agreement; and (iii) the replenishment of the reserve fund to the required reserve, the monies derived by the District from the debt mill levy account and other pledged revenue account, in the above priority.

The principal of and interest on Series 2003C are payable solely from and to the extent of the Series B pledged revenue, which may or may not be sufficient to pay the principal of and interest on the Series B bonds and Series C bonds.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements for Series 2003C

Years Ending December 31	Principal	Interest	Total
2019	\$ -	\$ 358,000	\$ 358,000
2020	-	358,000	358,000
2021	-	358,000	358,000
2022	-	358,000	358,000
2023	-	358,000	358,000
Thereafter	4,475,000	2,864,000	7,339,000
Total	<u>\$ 4,475,000</u>	<u>\$ 4,654,000</u>	<u>\$ 9,129,000</u>

\$52,075,000 General Obligation Multi-Modal Bonds, Series 2013 A&B

The \$52,075,000 General Obligation Multi-Modal Bonds, Series 2013 A&B (the "Series 2013") were issued on December 2, 2013 for the refinancing of the District's Series 2008 and Series 2009 General Obligation Bonds and outstanding bank loans. The Series 2008 and Series 2009 were variable rate bonds secured by a direct pay letter of credit issued by KeyBank N.A., which expired on January 31, 2014. In 2013, the District entered into the refinancing in anticipation of the expiration of the letter of credit. There was no significant economic gain or loss resulting from the current refunding transaction.

The Series 2013 are general obligations of the District payable to Key Government Finance, Inc., secured by the District's covenant to levy ad valorem property taxes on the taxable property, as well as all other revenue of the District, which consists primarily of parking revenue and specific ownership taxes received by the District. The Series 2013 mature on December 1, 2038. A cash reserve requirement for payment of the bonds has been established to be not less than \$500,000.

\$49,735,000 Tax-Exempt General Obligation Multi-Modal Refunding Bonds, Series 2013A

The \$49,735,000 Tax-Exempt General Obligation Multi-Modal Refunding Bonds, Series 2013A (the "Series 2013A") bear an interest rate of 3.5 percent, which is fixed through December 1, 2021.

Debt Service Requirements for Series 2013A

Years Ending December 31	Principal	Interest	Total
2019	\$ 1,375,000	\$ 1,574,405	\$ 2,949,405
2020	1,499,000	1,526,280	3,025,280
2021	1,585,000	1,473,815	3,058,815
2022	1,719,000	1,418,340	3,137,340
2023	1,815,000	1,358,175	3,173,175
Thereafter	36,990,000	10,000,970	46,990,970
Total	<u>\$ 44,983,000</u>	<u>\$ 17,351,985</u>	<u>\$ 62,334,985</u>

\$2,340,000 Taxable General Obligation Multi-Modal Refunding Bonds, Series 2013B

The \$2,340,000 Taxable General Obligation Multi-Modal Refunding Bonds, Series 2013B (the "Series 2013B") bear an interest rate of 4.5 percent, which is fixed through December 1, 2021.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements for Series 2013B

Years Ending December 31	Principal	Interest	Total
2019	\$ 65,000	\$ 95,265	\$ 160,265
2020	71,000	92,340	163,340
2021	75,000	89,145	164,145
2022	81,000	85,770	166,770
2023	85,000	82,125	167,125
Thereafter	1,740,000	605,160	2,345,160
Total	\$ 2,117,000	\$ 1,049,805	\$ 3,166,805

\$3,500,000 Taxable General Obligation Refunding Bonds, Series 2015

The \$3,500,000 Taxable General Obligation Refunding Bonds, Series 2015 (the "Series 2015") issued on December 22, 2015 bore a fixed interest rate of 3.0 percent.

During 2016, the Series 2015 payments of \$425,000 were funded by a related party. During 2017, the District's Series 2017 bond issue and Series 2013 bond deemed reissuance transactions were finalized, and the Series 2015 Bonds of \$3,290,000 were paid in full.

\$5,500,000 General Obligation Refunding and Improvement Bonds, Series 2017

The \$5,500,000 General Obligation Refunding and Improvement Bonds, Series 2017 (the "Series 2017") issued on June 20, 2017 bear an interest rate of 3.5 percent, compounded semiannually and fixed through December 1, 2038.

Debt Service Requirements for Series 2017

Years Ending December 31	Principal	Interest	Total
2019	\$ 70,000	\$ 184,450	\$ 254,450
2020	120,000	182,000	302,000
2021	120,000	177,800	297,800
2022	110,000	173,600	283,600
2023	75,000	169,531	244,531
Thereafter	4,775,000	2,184,394	6,959,394
Total	\$ 5,270,000	\$ 3,071,775	\$ 8,341,775

The Series 2017 are subject to mandatory sinking fund redemption, in part, by lot, on each December 1 prior to maturity of the Series 2017, upon payment of par and accrued interest, without redemption premium, in the amount set forth below:

Years Ending December 31	Sinking Fund Redemption
2019	\$ 70,000
2020	120,000
2021	120,000
2022	110,000
2023	75,000
Thereafter	4,775,000
Total	\$ 5,270,000

Note 6 - Long-term Debt (Continued)

The Series 2017 allows for an initial tender date of December 2, 2021 and optional redemption at a premium, with an interest rate reset.

The payment of the Series 2017 is senior to the Series 2003B and Series 2003C and is secured by and payable from pledged revenue, on parity with the lien thereon of the 2013 bonds. Pledged revenue comprises parking, property taxes, and specific ownership revenue from the Debt Service Fund in the statement of activities.

Related-party Notes Payable

In January 2016, the District purchased land valued at \$5,200,000 from Madden Consolidated Holdings, LLC (MCH), a related party, using debt proceeds. As part of this purchase, in January 2016, MCH loaned \$1,760,500 to the District. The District had previously entered into a lease agreement with the Regional Transportation District (RTD), whereby RTD leased parking spaces from the District. In July 2017, as part of the District terminating this parking agreement, RTD required a termination fee of \$800,000. Madden Investments, LLC loaned the District this \$800,000. These related-party notes payable, totaling \$2,560,500, bear interest at 8 percent interest per annum and mature on January 20, 2056. Any principal and interest that may be outstanding at January 20, 2056 and not paid on such date shall be fully discharged. MCH; Madden Investments, LLC; and the District reasonably expect the notes to be refinanced and paid from bonds, notes, or agreements that may be issued by the District prior to maturity. The notes are unsecured and are subordinate to all other debt that the District currently has, future operational obligations, or future debt with pledged revenue.

Interest and principal payable to the note holder are subject to the District's annual budget and appropriation process in each year and are purely discretionary and nonobligatory. There was accrued but unpaid interest of \$133,123 at December 31, 2018. No principal was paid on the notes during the year ended December 31, 2018.

Issuance Costs

In accordance with GASB Statement No. 65, issuance costs of long-term debt are expensed when incurred, and previously capitalized costs are written off. These issuance costs consist of bond insurance, underwriting, legal, and closing costs

Note 7 - Related Party Transactions

The Board is composed of three members (as the fourth resigned in 2019), two of whom own interest in, are management of, or receive compensation from John Madden Company; Madden Consolidated Holdings, LLC; Palazzo Verdi, LLC; and related entities, which are the owners and developers of almost all of the private property within the District. The following related-party balances are included in the balance sheet and statement of activities:

Management fee included in professional services	\$ 72,000
Notes payable - Related party	2,560,500
Accounts payable - Related party	51,742
Rent	13,121
2003 bonds owned by Fiddler's Green Center, LLC (see Note 6) - Outstanding principal	6,300,000
2003 bonds owned by Fiddler's Green Center, LLC (see Note 6) - Outstanding interest	1,898,000
	-

Note 8 - Risk Management

The Board 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 Board carries commercial insurance coverage for all risks of loss. Claims have not exceeded commercial coverage since inception.

December 31, 2018

Note 9 - Tax, Spending, and Debt Limitations

In November 1992, Colorado voters passed Section 20, Article X, of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation, unless adequate present cash reserves are pledged irrevocably and held for payment in future years.

On November 2, 1999, electors of the District voted to authorize the District to operate without certain limitations under TABOR; therefore, such provisions of the TABOR amendment would not apply.

TABOR is complex and subject to further legislative and judicial interpretation. The Board believes it is in compliance with this constitutional amendment.

Note 10 - Concentrations

All of the real property in the District, except for that owned by the District, is owned by the Developer and Greenwood South Metropolitan District. There is no assurance that the number of taxpayers in the District will increase. No independent investigation has been made of the Developer's financial condition or its ability to pay property taxes.

Note 11 - Investment Earnings

Investment earnings for the year ended December 31, 2018 include approximately \$578,000 pertaining to a favorable settlement of a LIBOR dispute with the District's bank.

Note 12 - Prior Year Net Position

The calculation of net position for net investment in capital assets, as presented in the 2017 financial statements, was changed in 2018. The effect of the change was to decrease the net investment in capital assets and increase unrestricted net position by \$10,106,495. As this was a reclassification of net position components, this change did not impact total net position or the results of operations for 2018. Net position at the beginning of 2017 has been adjusted to conform to the 2018 presentation.

Required Supplemental Information

Fiddler's Business Improvement District

Required Supplemental Information - Major Governmental Fund Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2018

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end. The budget is submitted to and adopted by the board of directors on an annual basis.

The budget document presents information by fund and line items. The legal level of budgetary control adopted by the governing body is the fund level.

Fiddler's Business Improvement District

Required Supplemental Information - Major Governmental Fund Budgetary Comparison Schedule - General Fund (Continued)

Year Ended December 31, 2018

	Revised and Final Budget	Actual	Variance - (Unfavorable) Favorable
Revenue			
Property taxes	\$ 406,779	\$ 402,799	\$ (3,980)
Specific ownership	30,915	29,500	(1,415)
Investment earnings	578,010	578,010	-
Total revenue	1,015,704	1,010,309	(5,395)
Expenditures			
Parking operations, maintenance, and insurance	169,418	196,366	(26,948)
Professional services	118,214	112,397	5,817
Rent	13,121	13,121	-
Lease termination fee	300,000	158,373	141,627
Miscellaneous expenses	658	-	658
Total expenditures	601,411	480,257	121,154
Excess of Revenue (Under) Over Expenditures	414,293	530,052	115,759
Other financing sources (uses) - Interfund transfers	(30,814)	(30,184)	630
Net change in fund balance	985,548	499,868	(485,680)
Fund balance - Beginning of year	48,036	598	(47,438)
Fund balance - End of year	<u>\$ 470,721</u>	<u>\$ 500,466</u>	<u>\$ 29,745</u>

Other Supplemental Information

Fiddler's Business Improvement District

Other Supplemental Information Major Governmental Funds Budgetary Comparison Schedule Debt Service Fund

Year Ended December 31, 2018

	Revised and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenue			
Parking	\$ 1,160,719	\$ 1,190,006	\$ 29,287
Property taxes	2,562,707	2,537,631	(25,076)
Specific ownership tax	188,511	185,847	(2,664)
Investment earnings	21,000	36,851	15,851
Misc:	578,010	578,010	-
Total revenue	4,510,947	4,528,345	17,398
Expenditures			
Debt service:			
Lease termination fee	-	141,627	(141,627)
Interest and fees	2,570,335	2,428,708	141,627
Principal	1,380,000	1,380,000	-
Total expenditures	3,950,335	3,950,335	-
Excess of Revenue Over Expenditures	560,612	578,010	17,398
Other Financing Uses - Interfund transfers	(21,917)	(21,917)	-
Net Change in Fund Balance	538,695	556,093	17,398
Fund Balance - Beginning of year	586,102	571,047	(15,055)
Fund Balance - End of year	<u>\$ 1,124,797</u>	<u>\$ 1,127,140</u>	<u>\$ 2,343</u>

Fiddler's Business Improvement District

Other Supplemental Information
Major Governmental Funds Budgetary Comparison Schedule (Continued)
Capital and Bond Proceeds Fund

Year Ended December 31, 2018

	<u>Revised and Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenue			
Expenditures - Capital outlay	\$ 641,740	\$ 577,786	\$ 63,954
Excess of Expenditures Over Revenue	(641,740)	(577,786)	63,954
Other Financing Sources - Interfund transfers	52,101	52,101	-
Net Change in Fund Balance	(589,639)	(525,685)	63,954
Fund Balance - Beginning of year	966,880	610,950	(355,930)
Fund Balance - End of year	<u><u>\$ 377,241</u></u>	<u><u>\$ 85,265</u></u>	<u><u>\$ (291,976)</u></u>