

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**Douglas County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Crowfoot Valley Ranch Metropolitan District No. 1  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Crowfoot Valley Ranch Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion, 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 Crowfoot Valley Ranch Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, 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.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Economic Dependency*

The District has not yet established a revenue base sufficient to pay its operational expenditures. As discussed in Note 9, the District may be dependent upon the Developer of the District's service area to provide cash for such expenditures.

### *Required Supplementary Information*

Management has omitted 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
May 27, 2020

## **BASIC FINANCIAL STATEMENTS**

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 11,188
Cash and Investments - Restricted	500
Property Taxes Receivable	693
Receivable from County Treasurer	7
Prepays	800
Due from District No. 2	662
Capital Assets:	
Capital Assets, Not Being Depreciated	706,868
Total Assets	720,718
<b>LIABILITIES</b>	
Accounts Payable	706,462
Payable to Town	4,676
Retainage Payable	35,343
Noncurrent Liabilities:	
Due in More than One Year	465,712
Total Liabilities	1,212,193
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	693
Total Deferred Inflows of Resources	693
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	500
Unrestricted	(492,668)
Total Net Position	\$ (492,168)

See accompanying Notes to Basic Financial Statements.

**CROWFOOT VALLEY RANCH METRO DISTRICT #1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 124,028	\$ -	\$ 922,373	\$ -	\$ 798,345
Interest and Related Costs on Long-Term Debt	35,178	-	-	-	(35,178)
Dedication of Capital Assets to Other Entity	206,350	-	-	-	(206,350)
Total Governmental Activities	\$ 365,556	\$ -	\$ 922,373	\$ -	556,817
<b>GENERAL REVENUES</b>					
					723
Property Taxes					72
Specific Ownership Taxes					82
Net investment Income					877
Total General Revenues					877
<b>CHANGES IN NET POSITION</b>					557,694
					(1,049,862)
					\$ (492,168)
<b>NET POSITION - END OF YEAR</b>					\$ (492,168)

See accompanying Notes to Basic Financial Statements.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 6,369	\$ 4,819	\$ 11,188
Cash and Investments - Restricted	500	-	500
Due from District No. 2	662	-	662
Receivable from County Treasurer	7	-	7
Property Tax Receivable	693	-	693
Prepaid Insurance	800	-	800
Total Assets	\$ 9,031	\$ 4,819	\$ 13,850
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 8,750	\$ 697,712	\$ 706,462
Payable to Town	4,676	-	4,676
Retainage Payable	-	35,343	35,343
Total Liabilities	13,426	733,055	746,481
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	693	-	693
Total Deferred Inflows or Resources	693	-	693
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expense	800	-	800
Restricted for:			
Emergency Reserves	500	-	500
Unassigned	(6,388)	(728,236)	(734,624)
Total Fund Balances	(5,088)	(728,236)	(733,324)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,031	\$ 4,819	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			706,868
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Developer Advances			(251,692)
Accrued Interest on Developer Advances			(214,020)
Net Position of Governmental Activities			\$ (492,168)

See accompanying Notes to Basic Financial Statements.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 659	\$ -	\$ 659
Fire Protection Tax	64	-	64
Specific Ownership Taxes	72	-	72
Net Investment Income	82	-	82
Intergovernmental Revenue from CVRMD No. 2	15,560	906,813	922,373
Total Revenues	16,437	906,813	923,250
<b>EXPENDITURES</b>			
Current:			
Accounting	8,245	-	8,245
Auditing	5,250	-	5,250
County Treasurer's Fee	10	-	10
County Treasurer's Fee - Fire	1	-	1
Dues and Licenses	639	-	639
Insurance and Bonds	5,517	-	5,517
District Management	4,871	-	4,871
Legal Services	13,441	-	13,441
Miscellaneous	323	-	323
Paying Agent Fees	6,000	-	6,000
Payment to Town	63	-	63
Capital Outlay:			
Accounting	-	24,734	24,734
District Management	-	14,612	14,612
Legal Services	-	40,322	40,322
Capital Outlay	-	913,218	913,218
Total Expenditures	44,360	992,886	1,037,246
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(27,923)	(86,073)	(113,996)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	20,000	-	20,000
Repay Developer Advance	-	(642,163)	(642,163)
Total Other Financing Sources (Uses)	20,000	(642,163)	(622,163)
<b>NET CHANGE IN FUND BALANCES</b>	(7,923)	(728,236)	(736,159)
Fund Balances - Beginning of year	2,835	-	2,835
<b>FUND BALANCES - END OF YEAR</b>	\$ (5,088)	\$ (728,236)	\$ (733,324)

See accompanying Notes to Basic Financial Statements.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (736,159)

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

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.

Capital Outlay	913,218
Conveyance of Asset to City	(206,350)

Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advance	(20,000)
Developer Advance Repayment	642,163

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability	(19,401)
Accrued Interest on Developer Advance	(15,777)

Changes in Net Position of Governmental Activities	\$ 557,694
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**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 659	\$ 659	\$ -
Fire Protection Tax	64	64	-
Specific Ownership Taxes	66	72	6
Net Investment Income	156	82	(74)
Intergovernmental Revenue from CVRMD No. 2	20,141	15,560	(4,581)
Total Revenues	<u>21,086</u>	<u>16,437</u>	<u>(4,649)</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	38,400	8,245	30,155
Audit	5,000	5,250	(250)
County Treasurer's Fees	11	10	1
County Treasurer's Fees - Fire	-	1	(1)
Dues and Licenses	1,350	639	711
Insurance and Bonds	14,200	5,517	8,683
District Management	27,000	4,871	22,129
Legal Services	33,000	13,441	19,559
Miscellaneous	1,000	323	677
Paying Agent Fees	-	6,000	(6,000)
Noxious Weed Control	5,000	-	5,000
Payment to Town	4,678	63	4,615
Contingency	6,361	-	6,361
Total Expenditures	<u>136,000</u>	<u>44,360</u>	<u>91,640</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(114,914)	(27,923)	86,991
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	110,000	20,000	(90,000)
Total Other Financing Sources (Uses)	<u>110,000</u>	<u>20,000</u>	<u>(90,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,914)	(7,923)	(3,009)
Fund Balance - Beginning of Year	<u>7,381</u>	<u>2,835</u>	<u>(4,546)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,467</u>	<u>\$ (5,088)</u>	<u>\$ (7,555)</u>

See accompanying Notes to Basic Financial Statements.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Crowfoot Valley Ranch Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Order and Decree of the District Court for Douglas County recorded on December 3, 2002, 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 financing for the design, acquisition, installation and construction of sanitation improvements, water improvements, street improvements, traffic and safety control improvements, park and recreation improvements, transportation improvements, television relay and translation improvements, mosquito control, fire protection, emergency medical services, and operation and maintenance of the District. Under the Service Plan, the District is the Operating District related to Crowfoot Valley Ranch Metropolitan District No. 2, the Financing District ("District No. 2").

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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, 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 used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

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.

*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 practice to use the most restrictive classification first.

**Deficits**

The General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit will be eliminated through receipt of funds advanced by the Developer and draws on the Bond Project Fund from District No. 2 in 2020.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 11,188
Cash and Investments - Restricted	500
Total cash and investments	\$ 11,688

Cash and investments as of December 31, 2019 consist of the following:

Deposits with Financial Institutions	\$ 6,971
Investments	4,717
Total Cash and Investments	\$ 11,688

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District had a carrying and bank balance of \$6,971.

**Investments**

The District has adopted a formal investment policy that follows state statutes regarding investments.

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

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

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 4,717

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE Records its investments at amortized cost and the district records investments in CSAFE at net asset value as determined by amortized costs. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019, follows:

	Balance - December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Capital Assets, Not Being Depreciated:				
CIP Douglas County Road	\$ -	\$ 206,350	\$ 206,350	\$ -
CIP Canyons F1A Outfall	-	706,868	-	706,868
Total Capital Assets, Not Being Depreciated	-	913,218	206,350	706,868
Governmental Activities - Capital Assets, Net	<u>\$ -</u>	<u>\$ 913,218</u>	<u>\$ 206,350</u>	<u>\$ 706,868</u>

The majority of capital assets constructed by the District are expected to be dedicated to other governments for ownership and maintenance. When the property is dedicated, the District removes the cost of construction from capital assets.

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2018	New Issues	Refundings/ Retirements	Balance at December 31, 2019	Due Within One Year
Developer Advance O&M	\$ 231,692	\$ 20,000	\$ -	\$ 251,692	\$ -
Developer Advance Capital	339,540	-	339,540	-	-
Accrued Interest O&M	194,619	19,401	-	214,020	-
Accrued Interest Capital	286,846	15,777	302,623	-	-
Total	<u>\$ 1,052,697</u>	<u>\$ 55,178</u>	<u>\$ 642,163</u>	<u>\$ 465,712</u>	<u>\$ -</u>

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$477,000,000. At December 31, 2019, the District had authorized, but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 25, 2002 Election	Authorized November 7, 2006 Election	Authorized November 4, 2014 Election	Authorized But Unissued
Street Improvements	\$ 53,000,000	\$ 53,000,000	\$ 53,000,000	\$ 159,000,000
Parks and Recreation	-	53,000,000	53,000,000	106,000,000
Water	53,000,000	53,000,000	53,000,000	159,000,000
Sanitation	53,000,000	53,000,000	53,000,000	159,000,000
Transportation	53,000,000	53,000,000	53,000,000	159,000,000
Traffic Safety Controls	53,000,000	53,000,000	53,000,000	159,000,000
TV Relay and Translation	53,000,000	53,000,000	-	106,000,000
Fire Protection / Emergency Medical	53,000,000	53,000,000	53,000,000	159,000,000
Refunding	53,000,000	53,000,000	106,000,000	212,000,000
Total	<u>\$ 424,000,000</u>	<u>\$ 477,000,000</u>	<u>\$ 477,000,000</u>	<u>\$ 1,378,000,000</u>

According to the service plan, the District along with District No. 2 is permitted to issue bond indebtedness in an aggregate amount up to \$70,000,000 (Combined Debt Limit). In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 6 NET POSITION**

The District has net position consisting of two components, restricted and unrestricted.

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, 2019, as follows:

	Governmental Activites
Restricted Net Position:	
Emergency Reserves	\$ 500
Total	<u>\$ 500</u>

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 DISTRICT AGREEMENTS**

**Amended and Restated District Facilities Agreement**

The District and District No. 2 entered into a District Facilities Agreement, dated February 19, 2003, as amended and restated by the Amended and Restated District Facilities Agreement, dated January 1, 2008, and as amended by the First Amendment to Amended and Restated District Facilities Agreement, dated May 29, 2018, which sets forth the right to construct, own or transfer, and operate and maintain, public facilities and services for the benefit of both Districts and for District No. 2 to issue indebtedness to fund these costs. The agreement establishes:

**Maximum Debt Levy**

To fund the obligations related to the limited tax general obligation of the District:

- 1) A Maximum Debt Levy not to exceed 50 mills as adjusted for changes in calculating assessed valuation after December 16, 2008, and
- 2) Other Revenues of the District as may be legally available.

**Maximum O&M Levy and Service Fee**

To fund the operation and maintenance of District No. 1:

- 1) A Maximum O&M levy not to exceed 20 mills as adjusted for changes in calculating assessed valuation after December 16, 2008,
- 2) The imposition of a uniform Service Fee upon each single family lot, each multi-family unit, and each square foot of commercial development, and
- 3) Other revenues of the District as may be legally available.

**Fire Protection Agreement**

The District has entered into an intergovernmental agreement with the Town of Castle Rock for fire protection and emergency response services. The required mill levy is 6.75 mills, as adjusted for changes in assessed valuation, which for the tax collection year 2019 is 7.462 mills. The Town of Castle Rock was required to build a new fire station to service the District and as a result the District agreed to levy 7.462 mills, as adjusted for changes in assessed valuation, and remit the proceeds, net of collection fees, to the Town annually.

**Facilities Funding and Acquisition Agreement**

The District entered into an Operation Funding Agreement with Canyons South, LLC, dated February 2, 2007, and assigned to HT Canyons South Development LP (the "Developer") on May 11, 2018. Under this agreement, the Developer will either construct or cause to have constructed by a general contractor the improvements which the District will acquire after they have been completed, or initially fund the construction and installation of improvements by the District. The advances accrue interest at a rate of 8%.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 RELATED PARTY**

The majority of the members on the Board of Directors are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

**Operation Funding Agreement**

The District entered into an Operation Funding Agreement with Canyons South, LLC, dated February 2, 2007, and assigned to HT Canyons South Development LP (the "Developer") on May 11, 2018. Under this agreement, the Developer will provide funding to cover any shortfalls in operations and maintenance that the District incurs. The advances accrue interest at a rate of 8%.

**NOTE 9 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. 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, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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.

On November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, without regard to any limitations under TABOR.

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.

## **SUPPLEMENTARY INFORMATION**

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenue from CVRMD No. 2	\$ 25,318,288	\$ 906,813	\$ (24,411,475)
Total Revenues	<u>25,318,288</u>	<u>906,813</u>	<u>(24,411,475)</u>
<b>EXPENDITURES</b>			
Accounting	-	24,734	(24,734)
District Management	-	14,612	(14,612)
Legal Services	-	40,322	(40,322)
Capital Outlay	25,318,288	913,218	24,405,070
Total Expenditures	<u>25,318,288</u>	<u>992,886</u>	<u>24,325,402</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	-	(86,073)	(86,073)
<b>OTHER FINANCING SOURCES (USES)</b>			
Repay Developer Advance	-	(642,163)	(642,163)
Total Other Financing Uses	<u>-</u>	<u>(642,163)</u>	<u>(642,163)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(728,236)	(728,236)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (728,236)</u>	<u>\$ (728,236)</u>

**CROWFOOT VALLEY RANCH METROPOLITAN DISTRICT NO. 1  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2015	\$ 8,710	0.000	\$ -	\$ -	0%
2016	8,510	0.000	-	-	0
2017	8,210	0.000	-	-	0
2018	8,510	84.850	723	723	100
2019	8,510	84.850	723	723	100
Estimated for Year Ending December 31, 2020	\$ 8,110	85.443	\$ 693		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.