

**NBC METROPOLITAN DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**NBC METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2019**

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Board of Directors
NBC Metropolitan District
Jefferson County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of NBC Metropolitan District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 NBC Metropolitan District as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

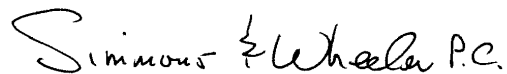
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NBC Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure annual financial information, as listed in the table of contents, has 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.



Englewood, CO
July 23, 2020

BASIC FINANCIAL STATEMENTS

**NBC METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 526,066
Cash and Investments - Restricted	598,967
Receivable - County Treasurer	5,687
Prepaid Expense	1,361
Property Taxes Receivable	912,297
Receivable - Developer	5,300
Capital Assets, Net	383,927
Total Assets	2,433,605
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	20,628
Total Deferred Outflows of Resources	20,628
 LIABILITIES	
Accounts Payable	14,060
Accrued Interest on Loan Payable	11,233
Noncurrent Liabilities:	
Due in One Year	210,000
Due in More Than One Year	4,315,000
Total Liabilities	4,550,293
 DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	912,297
Total Deferred Inflows of Resources	912,297
 NET POSITION	
Net Investment in Capital Assets	(2,388,359)
Restricted for:	
Emergencies	9,000
Debt Service	582,560
Unrestricted	(1,211,558)
Total Net Position	\$ (3,008,357)

See accompanying Notes to Basic Financial Statements.

**NBC METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 387,756	\$ 21,741	\$ -	\$ -	\$ (366,015)
Interest and Related Costs on Long-Term Debt	156,470	-	-	-	(156,470)
Total Governmental Activities	\$ 544,226	\$ 21,741	\$ -	\$ -	(522,485)
 GENERAL REVENUES					
Property Taxes					758,382
Specific Ownership Taxes					59,673
Net Investment Income					20,015
Other					392
Total General Revenues					838,462
 CHANGE IN NET POSITION					
Net Position - Beginning of Year					(3,324,334)
 NET POSITION - END OF YEAR					
					\$ (3,008,357)

See accompanying Notes to Basic Financial Statements.

**NBC METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 526,066	\$ -	\$ 526,066
Cash and Investments - Restricted	9,000	589,967	598,967
Receivable - County Treasurer	1,861	3,826	5,687
Property Taxes Receivable	298,570	613,727	912,297
Receivable - Developer	5,300	-	5,300
Prepaid Expense	1,361	-	1,361
	\$ 842,158	\$ 1,207,520	\$ 2,049,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,968	\$ -	\$ 13,968
Payroll Taxes Payable	92	-	92
Total Liabilities	14,060	-	14,060
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	298,570	613,727	912,297
Total Deferred Inflows of Resources	298,570	613,727	912,297
FUND BALANCES			
Nonspendable	1,361	-	1,361
Restricted for:			
Emergency Reserves	9,000	-	9,000
Loan Reserve Fund	-	114,582	114,582
Debt Service	-	479,211	479,211
Unassigned	519,167	-	519,167
Total Fund Balances	529,528	593,793	1,123,321
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 842,158	\$ 1,207,520	2,049,678

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.

Capital Assets, Net 383,927

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Deferred Cost of Refunding 20,628

Long-term liabilities, including bonds/loans payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Loan Payable (4,525,000)

Accrued Interest on Loan Payable (11,233)

Net Position of Governmental Activities **\$ (3,008,357)**

See accompanying Notes to Basic Financial Statements.

**NBC METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 248,197	\$ 510,185	\$ 758,382
Specific Ownership Taxes	19,529	40,144	59,673
Net Investment Income	9,895	10,120	20,015
Water Fees	21,741	-	21,741
Other Income	392	-	392
Total Revenues	299,754	560,449	860,203
EXPENDITURES			
Current:			
Accounting	23,432	-	23,432
Audit	4,200	-	4,200
County Treasurer's Fees	3,782	7,774	11,556
Insurance and Bonds	6,366	-	6,366
District Management	21,694	-	21,694
Legal	7,789	-	7,789
Miscellaneous	538	-	538
Landscape Maintenance	61,839	-	61,839
Park furniture	32,690	-	32,690
Pest control	1,600	-	1,600
Repairs and Maintenance	6,036	-	6,036
Site lighting	2,320	-	2,320
Snowplowing and Sweeping	8,017	-	8,017
Utilities	41,254	-	41,254
Debt Service:			
Loan Interest	-	140,129	140,129
Loan Principal	-	205,000	205,000
Paying Agent Fees	-	1,500	1,500
Total Expenditures	221,557	354,403	575,960
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	78,197	206,046	284,243
Fund Balances - Beginning of Year	451,331	387,747	839,078
FUND BALANCES - END OF YEAR	\$ 529,528	\$ 593,793	\$ 1,123,321

See accompanying Notes to Basic Financial Statements.

**NBC METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 284,243

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.

Depreciation Expense (166,199)

The issuance of long-term debt (e.g., bonds, leases) 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. Neither transaction, however, has any effect on net position. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Current Year Loan Principal Payments 205,000
Current Year Amortization of Bond Refunding Costs (7,544)

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.

Change in Accrued Loan Interest Payable 477

Change in Net Position of Governmental Activities \$ 315,977

**NBC METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 252,618	\$ 248,197	\$ (4,421)
Specific Ownership Taxes	15,157	19,529	4,372
Net Investment Income	6,200	9,895	3,695
Water Fees	20,000	21,741	1,741
Other Income	300	392	92
Total Revenues	<u>294,275</u>	<u>299,754</u>	<u>5,479</u>
EXPENDITURES			
Current:			
Accounting	25,000	23,432	1,568
Audit	4,500	4,200	300
County Treasurer's fee	3,789	3,782	7
Directors' fees	1,500	-	1,500
Insurance and bonds	5,715	6,366	(651)
District management	35,000	21,694	13,306
Legal services	12,000	7,789	4,211
Miscellaneous	5,000	538	4,462
Payroll taxes	115	-	115
Landscaping maintenance	25,000	61,839	(36,839)
Landscaping maintenance - floral	20,000	-	20,000
Park furniture	35,000	32,690	2,310
Pest control	1,000	1,600	(600)
Repairs and maintenance	18,000	6,036	11,964
Site lighting	5,000	2,320	2,680
Snowplowing and sweeping	10,000	8,017	1,983
Utilities	40,000	41,254	(1,254)
Contingency	3,381	-	3,381
	<u>250,000</u>	<u>221,557</u>	<u>28,443</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,275	78,197	33,922
Fund Balance - Beginning of Year	<u>404,515</u>	<u>451,331</u>	<u>46,816</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 448,790</u></u>	<u><u>\$ 529,528</u></u>	<u><u>\$ 80,738</u></u>

See accompanying Notes to Basic Financial Statements.

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

NBC Metropolitan District (the District), a quasi-municipal corporation, was organized by court order on May 18, 2000, recorded on June 8, 2000, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County and entirely within the City of Westminster, Colorado (the City). The District was established to provide for the design, construction, installation, financing, and acquisition of certain street, safety protection, water, sanitation, transportation, television relay and translation, and park and recreation improvements in compliance with the Service Plan approved by the City Council.

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 property 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.

**NBC METROPOLITAN DISTRICT
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 the 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. Depreciation is computed and recorded as an operating expense.

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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**NBC METROPOLITAN DISTRICT
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 and other financing uses 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.

Capital Assets

Capital assets, which include infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Streets	20 Years
Street Lights	20 Years
Parks	20 Years
Monumentation	20 Years
Landscape Improvements	20 Years

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the remaining life of the new notes and bonds. The amortization amount is a component of interest expense and the unamortized cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, cost of bond refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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.

Equity

Net Position

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

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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	\$ 526,066
Cash and Investments - Restricted	598,967
Total Cash and Investments	<u>\$ 1,125,033</u>

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 100,918
Investments	<u>1,024,115</u>
Total Cash and Investments	<u>\$ 1,125,033</u>

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's cash deposits had a bank balance of \$120,710 and a carrying balance of \$100,918.

Investments

The District has adopted a formal investment policy to follow the 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 or investment custodial 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.

**NBC METROPOLITAN DISTRICT
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>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 858,556
First American Government Obligation Fund	Weighted Average Under 19 Days	165,559
Total		<u>\$ 1,024,115</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

First American Government Obligation Fund

The debt service money that is included in the trust accounts at U.S. Bank is invested in the First American Government Obligation Fund. This portfolio is a money market mutual fund which invests in U.S. Government Securities, which are fully guaranteed as to principal and interest by the United States, with maturities of 19 days or less and repurchase agreements collateralized by U.S. Government Securities. The Fund is rated AAAM by Standard & Poor's. The Fund records its investments at fair value and the District records its investment in the Fund using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 PROPERTY AND EQUIPMENT

An analysis of the changes in property and equipment for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Increases	Decreases	Balance - December 31, 2019
Capital Assets, Being				
Depreciated:				
Streets	\$ 1,797,204	\$ -	\$ -	\$ 1,797,204
Street Lights	415,699	-	-	415,699
Parks	973,863	-	-	973,863
Monumentation	91,930	-	-	91,930
Landscape Improvements	45,302	-	-	45,302
Total Capital Assets, Being				
Depreciated	<u>3,323,998</u>	<u>-</u>	<u>-</u>	<u>3,323,998</u>
Less Accumulated Depreciation				
For:				
Streets	1,527,624	89,860	-	1,617,484
Street Lights	323,337	20,785	-	344,122
Parks	827,786	48,693	-	876,479
Monumentation	78,137	4,596	-	82,733
Landscape Improvements	16,988	2,265	-	19,253
Total Accumulated				
Depreciation	<u>2,773,872</u>	<u>166,199</u>	<u>-</u>	<u>2,940,071</u>
Total Capital Assets, Being				
Depreciated, Net	<u>550,126</u>	<u>(166,199)</u>	<u>-</u>	<u>383,927</u>
Capital Assets, Net	<u>\$ 550,126</u>	<u>\$ (166,199)</u>	<u>\$ -</u>	<u>\$ 383,927</u>

Depreciation expense for 2019 was charged to the General Government function/program.

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019	Due Within One Year
Governmental Activities:					
Long-Term Debt Obligations:					
Series 2015 Tax Free Loan	\$ 4,730,000	\$ -	\$ 205,000	\$ 4,525,000	\$ 210,000
Total Bonds Payable	<u>\$ 4,730,000</u>	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 4,525,000</u>	<u>\$ 210,000</u>

The detail of the District's long-term obligations is as follows:

Promissory Note

On March 12, 2015, the District entered into the **Promissory Note, Series 2015** with U.S. Bank National Association in the principal amount of \$5,500,000. The proceeds of the Series 2015 Note were used to pay and cancel the Series 2012A Senior Loan and Series 2012B Subordinate Bond. The Series 2015 Note bears a fixed interest rate of 2.93%, with interest payments calculated based on a 360-day year and the actual days elapsed in each period made on June 1 and December 1 of each year, and principal payments on December 1 of each year. The loan is amortized over a 22-year period but matures on March 12, 2022. The pledged revenue includes: a) the Required Mill Levy, b) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy, and c) any other legally available monies which the Board determines in its sole discretion to apply as Pledged Revenue. The Required Mill Levy is defined as the amount sufficient in each year to pay the Estimated Debt Requirements and to replenish the Reserve Fund to the Required Reserve but not in excess of the Mill Levy Cap. The Mill Levy Cap is equal to 99 mills less the number of mills required for the Operations Mill Levy (which shall not exceed 15 mills if the Required Mill Levy is 84.000 mills or more). The Series 2015 Loan has a debt service Reserve Requirement of \$112,500.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 210,000	\$ 134,792	\$ 344,792
2021	220,000	128,185	348,185
2022	4,095,000	33,663	4,128,663
Total	<u>\$ 4,525,000</u>	<u>\$ 296,640</u>	<u>\$ 4,821,640</u>

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2000, and November 6, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$271,000,000 for general obligation bonds at an interest rate not to exceed 15% per annum. In addition, the electors authorized the refunding of up to \$60,000,000 in general obligation bonds at a higher interest rate. As of December 31, 2019, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

Purpose	Amount Authorized 2000	Amount Authorized 2012	Amount Used Series 2000	Amount Used Series 2004	Amount Used Series 2012	Amount Used Series 2015	Remaining Authorization
Water	\$ 1,900,000	\$ 30,000,000	\$ 1,308,740	\$ 35,000	\$ -	\$ -	\$ 30,556,260
Sanitation	5,400,000	30,000,000	731,671	65,000	-	-	34,603,329
Streets	15,900,000	30,000,000	7,770,018	200,000	-	-	37,929,982
Traffic and Safety Controls	1,500,000	30,000,000	-	-	-	-	31,500,000
Park and Recreation Facilities	4,000,000	30,000,000	2,044,571	200,000	-	-	31,755,429
Television	1,300,000	30,000,000	-	-	-	-	31,300,000
Refunding	30,000,000	30,000,000	-	8,360,000	-	5,500,000	46,140,000
Operations	1,000,000	1,000,000	-	-	-	-	2,000,000
Public Transportation System	-	30,000,000	-	-	-	-	30,000,000
Intergovernmental Agreements	-	30,000,000	-	-	-	-	30,000,000
Total	\$ 61,000,000	\$ 271,000,000	\$ 11,855,000	\$ 8,860,000	\$ -	\$ 5,500,000	\$ 305,785,000

Per the Service Plan, the District is limited to issuing \$30,000,000 in debt. In addition, the maximum debt service mill levy for the District is 50 mills; provided, however, once any or all of the principal amount of any outstanding bonds is less than 50% of the assessed valuation of the property within the District, the maximum mill levy will no longer apply with respect to those outstanding bonds. The maximum debt service mill levy is also subject to adjustment based on any change in law, change in method of calculation, or changes in the ratio of actual value to assessed value of property within the District.

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; however, as of the date of this audit, the amount and timing of any debt issuance is not determinable.

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investments in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 383,927
Bonds/Loan Payable	(2,844,310)
Unspent Bond proceeds	72,024
Net Investment in Capital Assets	\$ (2,388,359)

Restricted net position consists of assets 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 a restricted net position as of December 31, 2019, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 9,000
Debt Service	582,560
Total Restricted Net Position	\$ 591,560

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the financing and repayment of bonds issued for the construction of public improvements which were dedicated to other governmental entities and which costs were removed from the District’s financial records.

NOTE 7 RELATED PARTIES

The primary developer of vacant property within the District is City Office Development, LLC, a Delaware limited liability company (“Developer”). The Developer purchased the property from Catellus Mixed Land LLC in December, 2018. All members of the Board of Directors of the District are affiliated with the Developer.

**NBC METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 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 (the Pool). 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.

NOTE 9 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 which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On May 2, 2000, and November 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve annually \$1,000,000 of all revenue of the District and authorized tax levies to produce taxes of \$1,000,000 annually for operations and maintenance 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

**NBC METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 519,270	\$ 510,185	\$ (9,085)
Specific Ownership Taxes	31,200	40,144	8,944
Net Investment Income	5,500	10,120	4,620
Total Revenues	<u>555,970</u>	<u>560,449</u>	<u>4,479</u>
EXPENDITURES			
Debt Service:			
County Treasurer's Fees	7,790	7,774	16
Loan Interest	140,514	140,129	385
Loan Principal	205,000	205,000	-
Paying Agent Fees	1,500	1,500	-
Contingency	4,447	-	4,447
Total Expenditures	<u>359,251</u>	<u>354,403</u>	<u>4,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	196,719	206,046	9,327
Fund Balance - Beginning of Year	<u>376,961</u>	<u>387,747</u>	<u>10,786</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 573,680</u></u>	<u><u>\$ 593,793</u></u>	<u><u>\$ 20,113</u></u>

OTHER INFORMATION

**NBC METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019**

\$5,500,000 Tax Free Loan, Dated March 12, 2015

Principal Due December 1

Interest Due June 1 and December 1

Interest at 2.93%

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 210,000	\$ 134,792	\$ 344,792
2021	220,000	128,185	348,185
2022	4,095,000	33,663	4,128,663
Total	<u>\$ 4,525,000</u>	<u>\$ 296,640</u>	<u>\$ 4,821,640</u>

**NBC METROPOLITAN DISTRICT
SCHEDULE 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 Tax Levy	Mills Levied	<u>Total Property Taxes</u>		Percent Collected to Levied
			<u>Levied</u>	<u>Collected</u>	
2014	\$ 9,175,896	55.000	504,673	505,562	100.18%
2015	9,284,719	55.000	510,659	510,623	99.99
2016	9,234,211	55.000	507,880	507,882	100.00
2017	9,333,826	55.000	513,359	513,365	100.00
2018	14,257,639	55.000	784,170	782,993	99.85
2019	14,034,312	55.000	771,888	758,382	98.25
Estimated for the Year Ending December 31, 2020	\$ 16,587,215	55.000	912,297		