

VILLAGE EAST METROPOLITAN DISTRICT NO.3

WELD COUNTY, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2019



Crady, Puca & Associates

Certified Public Accountants & Consultants

**VILLAGE EAST METROPOLITAN DISTRICT NO.3
WELD COUNTY, COLORADO**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Village East Metropolitan District No. 3
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village East Metropolitan District No. 3 (the "District") as of and for the year ended December 31, 2019, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

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 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 the Village East Metropolitan District No. 3 as of December 31, 2019 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-vi and 19-20 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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.

Supplementary 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 individual fund budgetary comparison schedule on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual budgetary comparison schedule 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 individual fund budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
July 6, 2020

Village East Metropolitan District No. 3 Management's Discussion and Analysis December 31, 2019

As management of Village East Metropolitan District No. 3 ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial 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. Current year to prior year comparisons are presented below to help users evaluate the results of the District over the past two years.

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 government'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District utilized 3 governmental funds for 2019; the General Fund, Debt Service Fund, and Special Revenue Fund - Operations.

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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities on pages 3 and 5 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. Budgetary comparisons for all funds have been provided on pages 19-21 to demonstrate compliance with this budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 6 of this report.

Government-wide Financial Analysis: The following table shows a condensed statement of net position as of December 31, 2019 and December 31, 2018 derived from the government-wide financial statements.

**Village East Metropolitan District No. 3
Net Position**

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$ 324,482	\$ 238,789
Capital assets	1,239,526	1,294,212
Total Assets	<u><u>1,564,008</u></u>	<u><u>1,533,001</u></u>
Liabilities		
Current liabilities	24,261	22,287
Long-term liabilities	8,234,012	8,227,044
Total Liabilities	<u><u>8,258,273</u></u>	<u><u>8,249,331</u></u>
Deferred Inflows of Resources		
Unavailable revenue	187,322	159,300
Total Deferred inflows of resources	<u><u>187,322</u></u>	<u><u>159,300</u></u>
Net Position:		
Net Investment in capital assets	-	-
Restricted	112,363	55,495
Unrestricted	(6,993,950)	(6,931,125)
Total Net Position	<u><u>\$ (6,881,587)</u></u>	<u><u>\$ (6,875,630)</u></u>

At the end of the both 2018 and 2019 the District has a negative unrestricted net position which results from the District conveying the majority of its infrastructure to the Town of Windsor but having the liability for the debt issued to construct the infrastructure.

The net position for the years ended December 31, 2019 and December 31, 2018 is summarized in the following table:

**Village East Metropolitan District No. 3
Change in Net Position**

	Governmental Activities	
	2019	2018
Revenues:		
Charges for services	\$ 118,188	\$ 106,561
Property taxes	164,668	159,413
Interest and other income	9,007	11,524
Total Revenues	291,863	277,498
Expenses:		
General government	135,666	163,948
Interest & depreciation expense	162,154	161,401
Total Expenses	297,820	325,349
Change in Net Position	(5,957)	(47,851)
Net Position- Beginning	(6,875,630)	(6,827,779)
Net Position- Ending	\$ (6,881,587)	\$ (6,875,630)

The increase in negative net position for both 2018 and 2019 is a result of current year expenses exceeding revenue available to pay expenses. This decrease was less in 2019 than in 2018 as property tax revenues increased in 2019 due to increases in the valuation of property within the District.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: 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, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund revenue was \$23,534 and comprised primarily of property taxes. General Fund expenditures were \$25,314 and comprised primarily of professional fees for accounting and audit services, legal services and insurance.

Operations Fund revenue was \$125,716 and derived primarily from homeowner assessments. Operations Fund expenditures were \$102,724 and comprised of landscape maintenance services, management services, utility expenses, and fees for accounting and legal services.

Debt Service Fund revenue was \$142,613 and is comprised primarily of property tax collections. Debt Service Fund expenditures were \$108,128 and comprised primarily of a \$100,500 payment of interest and principal on outstanding bonds.

As of the end of 2019, the District's governmental funds reported an ending fund balance of \$112,899 the majority of which is restricted for emergencies, debt service payments, and future operations and capital replacements.

Budget variances: The General Fund budget was amended in 2019 to account for additional professional fees and contingency. The District finished the year favorable to the amended budget. A budget to actual statement for the General Fund can be found on page 19 of this report.

The Operations Fund budget was also amended in 2019 to account for additional professional fees and miscellaneous expenditures. The District finished 2019 favorable to the amended budget due to savings in insurance and other expense line items. A budget to actual statement for the Operations Fund can be found as part of the supplementary information on page 20 of this report.

The Debt Service Fund finished the year slightly favorable to budget as the budgeted contingency was not needed. A budget to actual schedule for the Debt Fund can be found as part of the supplementary information on page 21 of this report.

Capital assets: The District recognized \$54,686 in depreciation expense during the year, bringing the total net capital assets to \$1,239,526 at the end of 2019. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page 14 of this report.

Long-term debt: During 2019 the District paid \$15,000 in principal toward the Series 2017A Bonds and finished the year with an overall debt balance of \$8,177,280. In 2019 there were no payments made on the Series 2017B Bonds or Developer Advances. Further detail of long-term debt can be found on pages 14 – 16 of this report.

Request for Information: This financial report is designed 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 the Village East Metropolitan District No. 3, c/o Marchetti & Weaver, LLC, 245 Century Circle, Suite 103, Louisville, CO 80027, (720) 210-9137.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Net Position
December 31, 2019

	Total Governmental Activities
Assets:	
Cash and investments	\$ 25,430
Accounts receivable - residents	10,288
Due from county treasurer	881
Property tax receivable	176,795
Cash and investments - restricted	111,088
Capital assets:	
Depreciable, net	<u>1,239,526</u>
Total assets	<u>1,564,008</u>
Liabilities:	
Accounts payable	24,261
Accrued interest	56,732
Bonds payable:	
Due within one year	20,000
Due in more than one year	1,920,000
Developer payable:	
Due in more than one year	<u>6,237,280</u>
Total liabilities	<u>8,258,273</u>
Deferred inflows of resources:	
Unavailable revenue - prepaid assessments	10,527
Unavailable revenue - property taxes	<u>176,795</u>
Total deferred inflows of resources	<u>187,322</u>
Net position:	
Net investment in capital assets	-
Restricted for emergencies	4,530
Restricted for operations and capital reserves	27,041
Restricted for debt service	80,792
Unrestricted	<u>(6,993,950)</u>
Total net position	<u>\$ (6,881,587)</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Activities
For the Year Ended December 31, 2019

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Accounting and audit	\$ 22,702
Legal	21,959
Insurance and bonds	4,291
Dues	649
Treasurer fees	2,317
Bank fees	257
Elections	-
Trustee fees	5,500
District management services	15,961
Utilities	9,279
Landscape and maintenance	51,535
Miscellaneous	1,216
Depreciation	54,686
Interest on long-term debt	107,468
Total expenditures	<u>297,820</u>
Program Revenues:	
Homeowner assessments	118,188
Total program revenues	<u>118,188</u>
Net program income (expense)	(179,632)
General Revenues:	
Property and specific ownership taxes	164,668
Interest income	1,479
Other income	7,528
Total general revenues	<u>173,675</u>
Change in net position	<u>(5,957)</u>
Net position, beginning of year	<u>(6,875,630)</u>
Net position, end of year	<u>\$ (6,881,587)</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Balance Sheet
Governmental Funds
December 31, 2019

	<u>General Fund</u>	<u>Operations Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 25,430	\$ -	\$ -	\$ 25,430
Accounts receivable - residents	-	10,288	-	10,288
Due from county treasurer	126	-	755	881
Property tax receivable	25,255	-	151,540	176,795
Cash and investments - restricted	-	31,051	80,037	111,088
Total assets	<u>\$ 50,811</u>	<u>\$ 41,339</u>	<u>\$ 232,332</u>	<u>\$ 324,482</u>
Liabilities:				
Accounts payable	\$ 24,261	\$ -	\$ -	\$ 24,261
Total liabilities	<u>24,261</u>	<u>-</u>	<u>-</u>	<u>24,261</u>
Deferred inflows of resources:				
Unavailable revenue - prepaid assessments	-	10,527	-	10,527
Unavailable revenue - property taxes	25,255	-	151,540	176,795
Total deferred inflows of resources	<u>25,255</u>	<u>10,527</u>	<u>151,540</u>	<u>187,322</u>
Fund balance:				
Restricted for emergencies	759	3,771	-	4,530
Restricted for debt service	-	-	80,792	80,792
Restricted for operations and capital replacements	-	27,041	-	27,041
Unassigned	536	-	-	536
Total fund balance	<u>1,295</u>	<u>30,812</u>	<u>80,792</u>	<u>112,899</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,811</u>	<u>\$ 41,339</u>	<u>\$ 232,332</u>	<u>\$ 324,482</u>

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

Total fund balance - governmental funds	112,899
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,239,526
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(8,234,012)
Net position of governmental activities	<u>\$ (6,881,587)</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
December 31, 2019

	<u>General</u> <u>Fund</u>	<u>Operations</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:				
Property tax	\$ 22,041	\$ -	\$ 132,261	\$ 154,302
Specific ownership tax	1,481	-	8,885	10,366
Homeowner assessments	-	118,188	-	118,188
Interest income	12	-	1,467	1,479
Other income	-	7,528	-	7,528
Total revenues	<u>23,534</u>	<u>125,716</u>	<u>142,613</u>	<u>291,863</u>
Expenditures:				
Current:				
General government:				
Accounting and audit	13,951	8,751	-	22,702
Legal	5,987	15,972	-	21,959
Insurance and bonds	4,291	-	-	4,291
Dues	649	-	-	649
Treasurer fees	331	-	1,986	2,317
Bank fees	105	10	142	257
Trustee fees	-	-	5,500	5,500
District management services	-	15,961	-	15,961
Utilities	-	9,279	-	9,279
Landscape and maintenance	-	51,535	-	51,535
Miscellaneous	-	1,216	-	1,216
Debt service:				
Principal	-	-	15,000	15,000
Interest	-	-	85,500	85,500
Total expenditures	<u>25,314</u>	<u>102,724</u>	<u>108,128</u>	<u>236,166</u>
Net change in fund balance	(1,780)	22,992	34,485	55,697
Fund balance, beginning of year	<u>3,075</u>	<u>7,820</u>	<u>46,307</u>	<u>57,202</u>
Fund balance, end of year	<u>\$ 1,295</u>	<u>\$ 30,812</u>	<u>\$ 80,792</u>	<u>\$ 112,899</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
December 31, 2019

	Total Governmental Funds
	<hr/>
Net change in fund balance of the governmental funds	\$ 55,697
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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current year.	(54,686)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.	15,000
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 the governmental funds.	<u>(21,968)</u>
Change in net position of governmental activities	<u>\$ (5,957)</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Village East Metropolitan District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District is a quasi-municipal corporation organized by a court order dated March 6, 2009 and operated pursuant to provisions set forth in the Colorado Special District Act. The District was organized concurrently with Village East Metropolitan District No. 1 ("District No.1") and Village East Metropolitan District No. 2 ("District No. 2"). The District was established for the primary purpose of funding, constructing, owning and operating certain public infrastructure and assisting in the coordination of metropolitan district services and facilities to support the needs of a planned residential development in Weld County, Colorado.

The District is to convey the completed public improvements, other than parks and recreation and non-potable water, to the Town of Windsor or other appropriate jurisdictions.

The District complies with GASB, Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*". These statements establish standards for defining and reporting on the financial reporting entity. It defines component units as legally separate entities for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has no component units as defined by the GASB.

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property taxes and homeowner assessments.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

The fund financial statements provide information about the government's funds.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period except for homeowner assessments. Homeowner assessments are recognized as revenues when the assessment is incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Operations Fund – the operations fund is a special revenue fund which accounts for fees collected and related expenditures for services provided to homeowners.

Debt Service Fund - accounts for payments on general obligation bond debt and developer debt.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The District records certain investments at fair value. Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. At December 31, 2019, the District did not hold any investments required to be reported under fair value.

Accounts Receivable

Accounts receivable consist of homeowners assessments earned as of December 31, 2019. The District considers all receivables collectible as of December 31, 2019.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

Capital Assets

Capital assets, which include parks and recreation and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities.

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Parks and recreation	25
Non-potable water Infrastructure	25

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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time frame. The District has two items that qualify for reporting in this category, *unavailable revenue – prepaid assessments and unavailable revenue-property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts becomes available.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision making authority. As of December 31, 2019, the District had not adopted a policy for committed fund balance.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2019, the District had not adopted a policy designating District personnel to determine amounts that may be assigned.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will 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 financial statements, a flow assumption must be made about the order in which 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.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 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 local governments. Spending and revenue limits are determined based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2019 year-end fund balance in the General Fund and Operations Fund for emergencies as required under TABOR totaling \$4,530 which is the approximate required reserve at December 31, 2019.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2019

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 4, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

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

Cash and investments	\$ 25,430
Cash and investments - restricted	111,088
	<u>\$ 136,518</u>

The following is a summary of deposits and investments held by the District at December 31, 2019:

<u>Type</u>	<u>Ratings per Standards & Poor's</u>	<u>Carrying Value</u>
Deposits with financial institutions		\$ 58,426
COLOTRUST PLUS+	AAAm	78,092
Total		<u>\$ 136,518</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at a minimum of 102% of the aggregate uninsured deposits.

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

3. **Detailed Notes on the Funds (continued)**

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments.

As of December 31, 2019, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers two investment options, COLOTRUST PRIME and COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under CRS and is overseen by The Colorado Division of Securities which administers and enforces the requirements of creating and operating COLOTRUST. Investments of COLOTRUST are limited to those allowed by State statutes. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, certain corporate notes, and certain repurchase agreements. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records segregate investments owned by the participating governments. 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 and there is no redemption notice period.

Custodial Credit Risk: At December 31, 2019, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: Colorado Revised Statutes (CRS) limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of the CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pools

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2019

3. Detailed Notes on the Funds (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Parks and recreation	\$ 756,864	\$ -	\$ -	\$ 756,864
Non-potable water Infrastructure	610,261	-	-	610,261
Total capital assets being depreciated	<u>1,367,125</u>	<u>-</u>	<u>-</u>	<u>1,367,125</u>
Less accumulated depreciation for:				
Parks and recreation	(40,366)	(30,275)	-	(70,641)
Non-potable water Infrastructure	(32,547)	(24,411)	-	(56,958)
Total accumulated depreciation	<u>(72,913)</u>	<u>(54,686)</u>	<u>-</u>	<u>(127,599)</u>
Total capital assets being depreciated, net	<u>1,294,212</u>	<u>(54,686)</u>	<u>-</u>	<u>1,239,526</u>
Capital assets, net	\$ <u>1,294,212</u>	\$ <u>(54,686)</u>	\$ <u>-</u>	\$ <u>1,239,526</u>

Depreciation expense of \$54,686 was charged to general government.

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2017A Senior Bonds	\$ 1,710,000	\$ -	\$ (15,000)	\$ 1,695,000	\$ 20,000
Series 2017B Subordinate Bonds	245,000	-	-	245,000	-
Developer debt – operations	14,000	-	-	14,000	-
Developer debt – capital	<u>6,223,280</u>	<u>-</u>	<u>-</u>	<u>6,223,280</u>	<u>-</u>
Governmental activities long-term debt	\$ <u>8,192,280</u>	\$ <u>-</u>	\$ <u>(15,000)</u>	\$ <u>8,177,280</u>	\$ <u>20,000</u>

General Obligation Bonds

On September 7, 2017, the District issued \$1,725,000 of General Obligation Limited Tax Bonds Series 2017A (“2017A Senior Bonds”) and \$245,000 of Subordinate General Obligation Limited Tax Bonds Series 2017B (“2017B Subordinate Bonds”) to finance public improvements, pay cost of issuance of the 2017A Senior Bonds and the 2017B Subordinate Bonds, and fund capitalized interest. The 2017A Senior Bonds bear interest at a rate of 5%, payable semiannually on each June 1 and December 1, commencing on December 1, 2017, and maturing on December 1, 2046. The 2017B Subordinate Bonds bear interest at a rate of 7.75%, payable annually on December 15, commencing on December 15, 2017, to the extent that pledged revenue is available, maturing on December 15, 2046.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2019

3. Detailed Notes on the Funds (continued)

General Obligation Bonds (continued)

The 2017A Senior Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2019 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2022, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2017B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2022, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The 2017B Subordinate Bonds are cash flow bonds and are subject to mandatory redemption from subordinate pledged revenue, if any, on deposit in the subordinate bond fund.

The 2017A Senior Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, capital fees (if any), and any other legally available funds as determined by the District. In connection with the 2017A Senior Bonds, the District is required to fund a Senior Surplus Fund to a maximum amount of \$172,500. As of December 31, 2019, 78,069 was in the Surplus Fund.

The 2017B Subordinate Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, capital fees (if any), any other legally available funds as determined by the District, and any amounts remaining in the Senior Surplus Fund after termination of the fund.

The following is a summary of the annual long-term debt principal and interest requirements for the 2017A Senior Bonds. Because of the uncertainty of the timing of the principal and interest payments on the 2017B Subordinate Bonds, no schedule of principal and interest payments is presented.

Year Ending December 31,	Principal	Interest	Total
2020	\$ 20,000	\$ 84,750	\$ 104,750
2021	20,000	83,750	103,750
2022	25,000	82,750	107,750
2023	25,000	81,500	106,500
2024	30,000	80,250	110,250
2025-2029	180,000	377,000	557,000
2030-2034	265,000	324,000	589,000
2035-2039	375,000	247,500	622,500
2040-2044	505,000	141,250	646,250
2045-2046	250,000	19,000	269,000
Total	\$ 1,695,000	\$ 1,521,750	\$ 3,216,750

At December 31, 2019, the District had total authorized debt of \$126,500,000 of which \$1,970,000 has been issued, leaving an authorized but unissued balance of \$124,530,000. Per the District's Service Plan, the District cannot issue debt in excess of \$13,390,000 without the approval of the Town.

3. Detailed Notes on the Funds (continued)

Developer Obligations

On December 9, 2016, the District entered into an agreement with the Developer to fund the operations costs shortfall of the District through December 31, 2017. Interest is to be accrued on this obligation at 8% per annum from the date of the advance. As of December 31, 2019, the District owes the Developer \$14,000 in principal plus \$3,161 of accrued interest under this agreement.

In August 2017, the District approved a resolution regarding the acceptance of district eligible costs for public improvements funded by the Developer. The resolution approved eligible costs for developer reimbursement in the amount of \$7,972,305. During 2017, the District issued 2017A Senior Bonds and the 2017A Subordinate Bonds and paid \$1,749,025 to the Developer under this resolution. As of December 31, 2019, the District is obligated to the Developer for \$6,223,280 under this resolution. The resolution provides for payments subject to annual appropriations and does not guarantee future payments. No interest is to be accrued.

4. Related party

One member of the Board of Directors is associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. The District has entered into various funding agreements with the Developer, see Note 3.

5. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool"). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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. During the year ended December 31, 2019, the Pool has made no distributions nor required additional contributions from the District.

6. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Capital assets of \$1,367,125, less accumulated depreciation of \$127,599 or a net book value of \$1,239,526 are not financial resources and therefore are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

Bonds payable	\$ (1,940,000)
Developer debt	(6,237,280)
Accrued interest on bonds and developer debt	(56,732)
Net adjustment	<u>\$ (8,234,012)</u>

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or ultimately conveyed to the Town. The details of this difference are as follows:

Depreciation expense – district services	\$ <u>(54,686)</u>
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The issuance of long-term debt (e.g. bonds payable) 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. The details of this difference are as follows:

Principal payment on general obligation bonds	\$ <u>15,000</u>
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Another element of the reconciliation states that “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.” The difference is due to additional accrued interest on the general obligation bonds and developer debt of (\$21,968).

7. **Subsequent Event**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including Colorado, where the District is located, declared a state of emergency.

COVID-19 could adversely affect the economies and financial markets of many countries, including the U.S. resulting in an economic downturn that could affect District.

Any of the foregoing could harm our operations and we cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the District. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our business, the ultimate impact of the COVID-19 outbreak or similar health epidemics is highly uncertain and subject to change.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Property tax	\$ 22,042	\$ 22,042	\$ 22,041	\$ (1)
Specific ownership tax	1,653	1,653	1,481	(172)
Interest and other income	-	5,500	12	(5,488)
Total revenues	<u>23,695</u>	<u>29,195</u>	<u>23,534</u>	<u>(5,661)</u>
Expenditures:				
General government:				
Accounting and audit	14,000	14,700	13,951	749
Legal	5,500	7,150	5,987	1,163
Insurance and bonds	3,000	3,541	4,291	(750)
Dues	400	409	649	(240)
Treasurer fees	331	331	331	-
Bank fees	120	120	105	15
Contingency	600	5,000	-	5,000
Total expenditures	<u>23,951</u>	<u>31,251</u>	<u>25,314</u>	<u>5,937</u>
Net change in fund balance	(256)	(2,056)	(1,780)	276
Fund balance, beginning of year	<u>1,610</u>	<u>3,075</u>	<u>3,075</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,354</u>	<u>\$ 1,019</u>	<u>\$ 1,295</u>	<u>\$ 276</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Operations Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Homeowner assessments	\$ 118,800	\$ 118,800	\$ 118,188	\$ (612)
Other income	4,900	4,900	7,528	2,628
Total revenues	<u>123,700</u>	<u>123,700</u>	<u>125,716</u>	<u>2,016</u>
Expenditures:				
General government:				
Accounting and audit	8,500	9,500	8,751	749
Legal	10,500	15,815	15,972	(157)
Insurance	7,000	7,000	-	7,000
Bank fees	100		10	(10)
District management services	15,560	15,910	15,961	(51)
Utilities	10,000	10,000	9,279	721
Landscape and maintenance	62,300	56,764	51,535	5,229
Miscellaneous	-	8,020	1,216	6,804
Contingency	2,800	-	-	-
Total expenditures	<u>116,760</u>	<u>123,009</u>	<u>102,724</u>	<u>20,285</u>
Net change in fund balance	6,940	691	22,992	22,301
Fund balance, beginning of year	<u>4,336</u>	<u>7,820</u>	<u>7,820</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,276</u>	<u>\$ 8,511</u>	<u>\$ 30,812</u>	<u>\$ 22,301</u>

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY INFORMATION

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Property tax	\$ 132,260	\$ 132,261	\$ 1
Specific ownership tax	9,920	8,885	(1,035)
Interest income	600	1,467	867
Total revenues	<u>142,780</u>	<u>142,613</u>	<u>(167)</u>
Expenditures:			
General government:			
Treasurer fees	1,984	1,986	(2)
Bank fees	-	142	(142)
Trustee fees	5,600	5,500	100
Contingency	1,000	-	1,000
Debt service:			
Principal	15,000	15,000	-
Interest	85,500	85,500	-
Total expenditures	<u>109,084</u>	<u>108,128</u>	<u>956</u>
Net change in fund balance	33,696	34,485	789
Fund balance, beginning of year	<u>95,521</u>	<u>46,307</u>	<u>(49,214)</u>
Fund balance, end of year	<u>\$ 129,217</u>	<u>\$ 80,792</u>	<u>\$ (48,425)</u>

The accompanying notes are an integral part of this financial statement.