

MAPLE RIDGE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2019

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maple Ridge Metropolitan District
Town of Frederick, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Maple Ridge Metropolitan District, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 29, 2020

Maple Ridge Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 8,502	\$ -	\$ -	\$ 8,502	\$ -	\$ 8,502
Cash and investments - restricted	713	25,077	907	26,697	-	26,697
Receivable - County Treasurer	47	-	-	47	-	47
Property taxes receivable	9,102	53,200	-	62,302	-	62,302
Developer receivable	3,510	-	-	3,510	(3,510)	-
Capital assets not being depreciated	-	-	-	-	2,215,318	2,215,318
Total Assets	\$ 21,874	\$ 78,277	\$ 907	\$ 101,058	2,211,808	2,312,866
LIABILITIES						
Accounts payable	\$ 4,129	\$ -	\$ -	\$ 4,129	-	4,129
Accrued interest	-	-	-	-	8,032	8,032
Long-term liabilities:						
Due within one year	-	-	-	-	25,521	25,521
Due in more than one year	-	-	-	-	2,468,544	2,468,544
Total Liabilities	4,129	-	-	4,129	2,502,097	2,506,226
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	9,102	53,200	-	62,302	-	62,302
Total Deferred Inflows of Resources	9,102	53,200	-	62,302	-	62,302
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	713	-	-	713	(713)	-
Debt service	-	25,077	-	25,077	(25,077)	-
Capital projects	-	-	907	907	(907)	-
Unassigned	7,930	-	-	7,930	(7,930)	-
Total Fund Balances	8,643	25,077	907	34,627	(34,627)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,874	\$ 78,277	\$ 907	\$ 101,058		
Net Position:						
Restricted for:						
Emergencies					713	713
Debt service					17,045	17,045
Capital projects					907	907
Unrestricted					(274,327)	(274,327)
Total Net Position					\$ (255,662)	\$ (255,662)

The notes to the financial statements are an integral part of these statements.

Maple Ridge Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 4,397	\$ -	\$ -	\$ 4,397	\$ -	\$ 4,397
Insurance	1,630	-	-	1,630	-	1,630
Legal	8,087	-	-	8,087	-	8,087
Bond issuance costs	-	-	126,470	126,470	-	126,470
Treasurer's fees	123	-	-	123	-	123
Bond interest expense	-	-	-	-	57,251	57,251
Capital improvements	-	-	2,215,318	2,215,318	(2,215,318)	-
Interest on developer advances	-	-	-	-	1,549	1,549
Total Expenditures	<u>14,237</u>	<u>-</u>	<u>2,341,788</u>	<u>2,356,025</u>	<u>(2,156,518)</u>	<u>199,507</u>
GENERAL REVENUES						
Property taxes	8,158	-	-	8,158	-	8,158
Specific ownership taxes	552	-	-	552	-	552
Interest income	9	77	224	310	-	310
Total General Revenues	<u>8,719</u>	<u>77</u>	<u>224</u>	<u>9,020</u>	<u>-</u>	<u>9,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,518)	77	(2,341,564)	(2,347,005)	2,156,518	(190,487)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	1,433,430	1,433,430	(1,433,430)	-
Developer advances	14,095	-	934,041	948,136	(948,136)	-
Transfers (to)/from other funds	-	25,000	(25,000)	-	-	-
Total Other Financing Sources (Uses)	<u>14,095</u>	<u>25,000</u>	<u>2,342,471</u>	<u>2,381,566</u>	<u>(2,381,566)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	8,577	25,077	907	34,561	(34,561)	
CHANGE IN NET POSITION					(190,487)	(190,487)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	66	-	-	66	(65,241)	(65,175)
END OF YEAR	<u>\$ 8,643</u>	<u>\$ 25,077</u>	<u>907</u>	<u>\$ 34,627</u>	<u>\$ (290,289)</u>	<u>\$ (255,662)</u>

The notes to the financial statements are an integral part of these statements.

Maple Ridge Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 8,158	\$ 8,158	\$ -
Specific ownership taxes	653	552	(101)
Interest income	-	9	9
	8,811	8,719	(92)
EXPENDITURES			
Accounting and audit	2,500	4,397	(1,897)
Insurance	2,500	1,630	870
Legal	10,000	8,087	1,913
Management fees	1,500	-	1,500
Miscellaneous expenses	2,000	-	2,000
Engineering	10,000	-	10,000
Treasurer's fees	122	123	(1)
Contingency	20,519	-	20,519
Emergency reserve	859	-	859
	50,000	14,237	35,763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(41,189)	(5,518)	35,671
OTHER FINANCING SOURCES (USES)			
Developer advances	41,189	14,095	(27,094)
	41,189	14,095	(27,094)
NET CHANGE IN FUND BALANCE			
	-	8,577	8,577
FUND BALANCE:			
BEGINNING OF YEAR	-	66	66
END OF YEAR	\$ -	\$ 8,643	\$ 8,643

The notes to the financial statements are an integral part of these statements.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Maple Ridge Metropolitan District (“District”), located in in the Town of Frederick (“Town”), Weld County Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. 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 the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 4, 2016, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the Town on September 13, 2016 (the “Service Plan”). The District was established to finance the construction of Public Improvements. The District may provide for operation and maintenance of any Public Improvement of which it retains ownership and which are not operated and maintained by the HOA. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end. During 2019, the District amended its total appropriations in the Capital Projects Fund from \$0 to \$2,375,000 primarily due to acceptance of capital improvements.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

Property taxes, net of estimated uncollectible 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. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$713 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$25,077 is restricted for the payment of the debt service costs associated with the Series 2019 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$907 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. As of December 31, 2019, the District had no amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and investments

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

Statement of Net Position:

Cash and investments	\$ 8,502
Cash and investments - restricted	<u>26,697</u>
Total	\$ <u>35,199</u>

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

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

Deposits with financial institutions	\$ 9,215
Morgan Stanley ILF Treasury #8354	<u>25,984</u>
Total	\$ <u>35,199</u>

Deposits

Custodial Credit Risk

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 least equal to 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Certain investments are measured at 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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment are not required to be categorized within the fair value hierarchy. This investment’s value for Morgan Stanley ILF Treasury #8354 is calculated using the amortized cost method.

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

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

Morgan Stanley ILF Treasury #8354

During 2019, the District’s funds were invested in the Morgan Stanley ILF Treasury #8354 Fund. This fund is a money market fund and each share is equal in value to \$1.00. The fund is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 50 days or less. As of December 31, 2019, the District has \$25,984 invested in the fund, all of which was restricted for the repayment of bond principal and interest.

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ -	\$ 2,215,318	\$ -	\$ 2,215,318
Total capital assets not being depreciated	-	2,215,318	-	2,215,318
Government type assets, net	<u>\$ -</u>	<u>\$ 2,215,318</u>	<u>\$ -</u>	<u>\$ 2,215,318</u>

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2019, is as follows:

\$1,344,106 Limited Tax General Obligation Convertible Capital Appreciation Bonds Series 2019A and \$89,323 Limited Tax General Obligation Capital Appreciation Bonds Series 2019B
On May 21, 2019, the District issued \$1,344,106 Limited Tax General Obligation Convertible Capital Appreciation Bonds Series 2019A (“Series 2019A Bonds”) and \$89,323 Limited Tax General Obligation Capital Appreciation Bonds Series 2019B (“Series 2019B Bonds”) or together (“Series 2019 Bonds”) for the purpose of paying or reimbursing Project Costs, paying the cost of issuance of the Bonds, and, with respect to the Series 2019A Bonds only, funding the Senior Surplus Fund and funding a portion of interest to accrue on the Series 2019A Bonds. The Series 2019A Bonds are structured initially as capital appreciation instruments but convert to current pay instruments on December 1, 2051 with an accreted value on the conversion date of \$1,580,000. The Series 2019B Bonds are structured as capital appreciation instruments with a maturity date of December 1, 2021 at an accreted value of \$105,000.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

Interest at the rate of 6.5% will accrete from the original issue date to December 1, 2021 (“Accretion Period”) during which time interest accruing on the Series 2019B Bonds and the Series 2019A Bonds will compound on each June 1 and December 1, and shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at 6.5% which is the rate borne by the Series 2019A Bonds. Such interest shall constitute appreciated principal of each Series 2019B Bond, and each Series 2019A Bond until the Conversion Date. For purposes of determining the principal amount of a Series 2019B Bond or Series 2019A Bond during the Accretion Period, for redemption or computation of the amount of such Bonds held by the Bondholders thereof in giving any notice, consent, request or demand pursuant to the Indenture for any purpose whatsoever, the principal amount of a Series 2019B Bond or Series 2019A Bond during the Accretion Period shall be deemed to be its Accreted Value. The Series 2019A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023 and are subject to redemption prior to maturity, at the option of the District, on or after December 1, 2031, upon payment of par, accrued interest, without a redemption premium. The Series 2019B Bonds are not subject to redemption prior to maturity. The Series 2019 Bonds are secured by the Required Mill Levy, the Capital Fees, if any, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District. The Required mill levy imposed upon all taxable property of the District each year in an amount (i) sufficient to pay all principal of and interest on the Series 2019 Bonds coming due in such year, and (ii) fund the surplus fund requirement, but in no event shall the Required Mill Levy exceed 50 mills less up to 8 mills, except as will be adjusted due to a Debt Service Mill Levy Adjustment, if, on or after January 1, 2016, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to the debt may be increased or decreased to offset such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2016, are neither diminished nor enhanced as a result of such changes (a “Debt Service Mill Levy Adjustment”). Further, in no event shall the total mill levy imposed by the District in any year exceed a combined total of 50 mills, including amounts for the Required Mill Levy, Contribution Mill Levy and Operating Mill Levy, except that the 50 mills may be exceeded if such excess is attributable to a Debt Service Mill Levy Adjustment.

The following is an analysis of changes in long-term debt for the period ending December 31, 2019:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
Series 2019A Bonds	\$ -	\$ 1,390,258	\$ -	\$ 1,390,258	\$ -
Series 2019B Bonds	-	92,391	-	92,391	25,521
Developer advance	61,086	948,136	-	1,009,222	-
Developer advance interest	645	1,549	-	2,194	-
Total	<u>\$ 61,731</u>	<u>\$ 2,432,334</u>	<u>\$ -</u>	<u>\$ 2,494,065</u>	<u>\$ 25,521</u>

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019 Bonds.

	Principal	Interest	Compound Interest	Total
2020	\$ 25,521	\$ -	\$ 2,620	\$ 28,141
2021	63,803	-	11,197	75,000
2022	-	102,700	-	102,700
2023	12,761	102,700	2,240	117,701
2024	12,761	101,725	2,240	116,726
2025-2029	93,577	491,725	16,423	601,725
2030-2034	153,126	446,225	26,874	626,225
2035-2039	208,422	379,275	36,579	624,276
2040-2044	284,984	288,600	50,015	623,599
2045-2049	387,068	165,750	67,931	620,749
2050-2051	191,407	22,100	33,592	247,099
	<u>\$1,433,430</u>	<u>\$ 2,100,800</u>	<u>\$ 249,711</u>	<u>\$ 3,783,941</u>

Debt Authorization

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$21,330,000. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$2,500,000. As of December 31, 2019, the District had \$1,066,570 remaining authority under the Service Plan. The District did not budget to issue any additional debt in 2020.

Note 4: Other Agreements

Infrastructure Acquisition Agreement

The District and Alliance Development, LLC, a Colorado limited liability company (“Alliance”) entered into an Infrastructure Acquisition Agreement dated November 1, 2017. The Infrastructure Acquisition Agreement establishes the terms and conditions upon which the District shall pay to acquire Public Improvements and reimburse Alliance for costs expended by Alliance in constructing the Public Improvements. The District’s purchase price for the Public Infrastructure shall be an amount equal to 100% of the actual and reasonable construction costs, including related soft costs but excluding developer overhead and profit, which the Board has determined to be reasonable and appropriate for the Public Improvements; provided, however, that the total amount to be paid by the District hereunder shall be in accordance with the District’s Service Plan and all other applicable laws. No interest shall accrue on the costs of the Public Infrastructure. In May of 2019, this agreement was assigned to Alliance Dev Maple Ridge II LLC (“Alliance Dev”).

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

Advance and Reimbursement Agreement

The District and Alliance entered into an Advance and Reimbursement Agreement on November 1, 2017. Pursuant to the Advance and Reimbursement Agreement, Alliance agrees to advance funds to the District for certain operation and maintenance expenses on a periodic basis, as requested. The District agrees to repay these advances, together with accrued interest at the rate of 7% per annum. In May of 2019, this agreement was assigned to Alliance Dev.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with Alliance Dev 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.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 8, 2016, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Interfund and Operating Transfers

The transfer of \$25,000 from the Capital Projects Fund to Debt Service Fund was for the purpose of establishing the Series 2019 A Bonds Surplus Fund.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2019

Note 8: Economic Dependency

The District has not yet established a revenue base sufficient to pay the District's ongoing operational and capital improvements requirements. Until an independent revenue base is established, the continuation of operations and capital improvements in the District will be dependent on funding by Alliance Dev.

Note 9: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which 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 officials' liability, and 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.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances are not due and payable in the current period and, therefore, are not in the funds.

MAPLE RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2019

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

SUPPLEMENTAL INFORMATION

Maple Ridge Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2019

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 77	\$ 77
Total Revenues	-	77	77
EXPENDITURES			
Contingency	-	-	-
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	-	77	77
OTHER FINANCING SOURCES (USES)			
Transfers (to)/from other funds	-	25,000	25,000
Total Other Financing Sources (Uses)	-	25,000	25,000
NET CHANGE IN FUND BALANCE			
	-	25,077	25,077
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
END OF YEAR	\$ -	\$ 25,077	\$ 25,077

The notes to the financial statements are an integral part of these statements.

Maple Ridge Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Budget</u>		
REVENUES				
Interest income	\$ -	\$ -	\$ 224	\$ 224
Total Revenues	<u>-</u>	<u>-</u>	<u>224</u>	<u>224</u>
EXPENDITURES				
Capital improvements	-	2,220,000	2,215,318	4,682
Bond issuance costs	<u>-</u>	<u>130,000</u>	<u>126,470</u>	<u>3,530</u>
Total Expenditures	<u>-</u>	<u>2,350,000</u>	<u>2,341,788</u>	<u>8,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	(2,350,000)	(2,341,564)	8,436
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	1,450,000	1,433,430	(16,570)
Developer advances	-	940,000	934,041	(5,959)
Transfers (to)/from other funds	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,365,000</u>	<u>2,342,471</u>	<u>(22,529)</u>
NET CHANGE IN FUND BALANCE	-	15,000	907	(14,093)
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 907</u>	<u>\$ (14,093)</u>

The notes to the financial statements are an integral part of these statements.

Maple Ridge Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2019

<u>Year Ended December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>			<u>Total Property Tax</u>		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Contractual</u>	<u>Levied</u>	<u>Collected</u>	
2017	\$ 1,220	0.000	0.000	0.000	\$ -	\$ -	N/A
2018	\$ 1,290	10.000	0.000	0.000	\$ 13	\$ 13	100.00%
2019	\$ 163,150	50.000	0.000	0.000	\$ 8,158	\$ 8,158	100.00%
Estimated for year ending December 31, 2020	\$ 1,137,770	5.000	46.758	3.000	\$ 62,302		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.