

CREEKSIDE VILLAGE 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
Creekside Village Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekside Village 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 Creekside Village Metropolitan District, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparisons for the general fund and the Subdistrict A special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

I

Fiscal Focus Partners, LLC

Other Matters

Economic Dependency

As disclosed in Note 10 to the financial statements, the District has not yet established a property tax base sufficient to pay the District's operational expenditures. Until a sufficient property tax base is established, the District will be dependent upon the developer of the District for funding of continued operations.

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

Creekside Village 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	\$ 1,788	\$ -	\$ -	\$ 1,788	\$ -	\$ 1,788
Cash and investments - restricted	1,230	2,321,484	8,838,163	11,160,877	-	11,160,877
Receivable - County Treasurer	310	-	-	310	-	310
Property taxes receivable	68	376	-	444	-	444
Due from other funds	5,687	35,000	-	40,687	-	40,687
Capital assets not being depreciated	-	-	-	-	58,589	58,589
Total Assets	<u>\$ 9,083</u>	<u>\$ 2,356,860</u>	<u>\$ 8,838,163</u>	<u>\$ 11,204,106</u>	<u>58,589</u>	<u>11,262,695</u>
LIABILITIES						
Accounts payable	\$ 5,239	\$ -	\$ 18,080	\$ 23,319	-	23,319
Accrued interest on bonds	-	-	-	-	56,301	56,301
Due to other funds	-	-	40,687	40,687	-	40,687
Long-term liabilities:						
Due in more than one year	-	-	-	-	12,045,090	12,045,090
Total Liabilities	<u>5,239</u>	<u>-</u>	<u>58,767</u>	<u>64,006</u>	<u>12,101,391</u>	<u>12,165,397</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	68	376	-	444	-	444
Total Deferred Inflows of Resources	<u>68</u>	<u>376</u>	<u>-</u>	<u>444</u>	<u>-</u>	<u>444</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	1,230	-	-	1,230	(1,230)	-
Debt service	-	2,356,484	-	2,356,484	(2,356,484)	-
Capital projects	-	-	8,779,396	8,779,396	(8,779,396)	-
Unassigned	2,546	-	-	2,546	(2,546)	-
Total Fund Balances	<u>3,776</u>	<u>2,356,484</u>	<u>8,779,396</u>	<u>11,139,656</u>	<u>(11,139,656)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,083</u>	<u>\$ 2,356,860</u>	<u>\$ 8,838,163</u>	<u>\$ 11,204,106</u>		
Net Position:						
Restricted for:						
Emergencies					1,230	1,230
Debt service					2,300,183	2,300,183
Capital projects					8,779,396	8,779,396
Unrestricted					<u>(11,983,955)</u>	<u>(11,983,955)</u>
Total Net Position					<u>\$ (903,146)</u>	<u>\$ (903,146)</u>

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

Creekside Village 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	\$ 1,088	\$ -	\$ 4,352	\$ 5,440	\$ -	\$ 5,440
Insurance	3,036	-	-	3,036	-	3,036
Legal	7,007	-	28,030	35,037	-	35,037
Miscellaneous expenses	36	-	-	36	-	36
Treasurer's fees	4	-	-	4	-	4
Interest expense	-	-	-	-	75,393	75,393
Bond issuance costs	-	-	526,586	526,586	-	526,586
Total Expenditures	11,171	-	558,968	570,139	75,393	645,532
GENERAL REVENUES						
Property taxes	307	-	-	307	-	307
Specific ownership taxes	27	-	-	27	-	27
Interest income	-	3,984	15,147	19,131	-	19,131
Total General Revenues	334	3,984	15,147	19,465	-	19,465
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(10,837)	3,984	(543,821)	(550,674)	(75,393)	(626,067)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	11,502,000	11,502,000	(11,502,000)	-
Bond premium	-	-	147,022	147,022	(147,022)	-
Developer advances	11,456	-	26,695	38,151	(38,151)	-
Transfers in	-	2,352,500	-	2,352,500	(2,352,500)	-
Transfers out	-	-	(2,352,500)	(2,352,500)	2,352,500	-
Total Other Financing Sources (Uses)	11,456	2,352,500	9,323,217	11,687,173	(11,687,173)	-
NET CHANGES IN FUND BALANCES						
	619	2,356,484	8,779,396	11,136,499	(11,136,499)	
CHANGE IN NET POSITION						
					(626,067)	(626,067)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	3,157	-	-	3,157	(280,236)	(277,079)
END OF YEAR	\$ 3,776	\$ 2,356,484	\$ 8,779,396	\$ 11,139,656	\$ (12,042,802)	\$ (903,146)

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

Creekside Village Metropolitan District

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

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ -	\$ 307	\$ 307
Specific ownership taxes	-	27	27
Total Revenues	-	334	334
EXPENDITURES			
Accounting and audit	10,000	1,088	8,912
Insurance	3,000	3,036	(36)
Legal	20,000	7,007	12,993
Miscellaneous expenses	3,000	36	2,964
Treasurer's fees	-	4	(4)
Contingency	12,920	-	12,920
Emergency reserve	1,080	-	1,080
Total Expenditures	50,000	11,171	38,829
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,000)	(10,837)	39,163
OTHER FINANCING SOURCES (USES)			
Developer advances	50,000	11,456	(38,544)
Total Other Financing Sources (Uses)	50,000	11,456	(38,544)
NET CHANGE IN FUND BALANCE	-	619	619
FUND BALANCE:			
BEGINNING OF YEAR	-	3,157	3,157
END OF YEAR	\$ -	\$ 3,776	\$ 3,776

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

Creekside Village Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SUBDISTRICT A - SPECIAL REVENUE FUND
For the Year Ended December 31, 2019

	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 307	\$ -	\$ (307)
Specific ownership taxes	<u>25</u>	<u>-</u>	<u>(25)</u>
Total Revenues	<u>332</u>	<u>-</u>	<u>(332)</u>
EXPENDITURES			
Accounting and audit	5,000	-	5,000
Insurance	2,500	-	2,500
Legal	23,500	-	23,500
Miscellaneous expenses	4,000	-	4,000
Treasurer's fees	5	-	5
Contingency	13,945	-	13,945
Emergency reserve	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,668)	-	49,668
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>49,051</u>	<u>-</u>	<u>(49,051)</u>
Total Other Financing Sources (Uses)	<u>49,051</u>	<u>-</u>	<u>(49,051)</u>
NET CHANGE IN FUND BALANCE	(617)	-	617
FUND BALANCE:			
BEGINNING OF YEAR	<u>617</u>	<u>-</u>	<u>(617)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

Note 1: Summary of Significant Accounting Policies

The accounting policies of Creekside Village Metropolitan District, (the “District”), located in Adams 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 14, 2007, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

On February 14, 2008, the District authorized the creation of a subdistrict with property within the District. The Subdistrict was known as Creekside Village Metropolitan District Subdistrict A, (the “Subdistrict”). The purpose for which the Subdistrict was being formed was to provide certain services, programs and facilities to be furnished within the area of the Subdistrict and provide for the fair and equitable taxation within said area. The Subdistrict was dissolved in July 2019. The activity has been combined with the general fund.

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, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides 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.

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

Basis of Presentation

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

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.

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

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.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt 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.

In November 2019, the District amended its total appropriations in the Debt Service Fund from \$0 to \$44,218 primarily due to the anticipation of debt service payments on the Series 2019A Bonds (See Note 4).

Assets, Liabilities, Deferred Outflows/Inflows of Resources 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. Investments for the government are reported at net asset value ("NAV").

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

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.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

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.

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.

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

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. No depreciation expense was recognized during 2019.

Property Taxes

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

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.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

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 \$1,230 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$2,356,484 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax (Convertible to Unlimited Tax) Bonds Series 2019A and 2019B Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$8,779,396 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.

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, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can 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.

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.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

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	\$ 1,788
Cash and investments - Restricted	<u>11,160,877</u>
Total	<u>\$ 11,162,665</u>

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

Deposits with financial institutions	\$ 3,018
Investments - COLOTRUST	<u>11,159,647</u>
	<u>\$ 11,162,665</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.

Creekside Village Metropolitan District

Notes to Financial Statements December 31, 2019

Investments

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.

Investment Valuation

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 is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2019, the District had \$11,159,647 invested in COLOTRUST.

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 58,589	\$ -	\$ -	\$ 58,589
Total capital assets not being depreciated	<u>\$ 58,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,589</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:

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2019A, (“Series 2019A Bonds”) – On November 26, 2019, the District issued its Series 2019A Bonds in the original principal amount of \$10,270,000. The Series 2019A Bonds are term bonds bearing interest at the rate of 5% maturing December 1, 2049. The interest on the Series 2019A Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The Series 2019A Bonds were issued for the purpose of financing purposes of reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements, funding the Surplus Fund and capital interest, and paying certain costs in connection with the Series 2019A Bonds and Series 2019B Subordinate Bonds. The 2019A Bonds maturing on December 1, 2039 are subject to sinking fund redemption on December 1, 2024 and on each December 1 thereafter prior to maturity upon payment of par and accrued interest, without redemption premium. The 2019A Bonds maturing on December 1, 2049 are subject to mandatory sinking fund redemption on December 1, 2040 and on each December 1 thereafter prior to maturity upon payment of par and accrued interest, without redemption premium. The 2019A Bonds are subject to mandatory excess funds redemption on December 1, 2022 solely from and to the extent of any moneys held in the Restricted Account of the Senior Project Fund on October 15, 2022.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

The Series 2019A Bonds are subject to optional redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00
December 1, 2026, to November 30, 2027	1.00
December 1, 2027 and thereafter	0.00

The Series 2019A Bonds are secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) all senior property tax revenues; (b) all senior specific ownership tax revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The Series 2019A Bonds are also secured by amounts on deposit in the Senior Surplus Fund, which is to be funded from proceeds of the Series 2019A Bonds upon the issuance thereof in an amount equal to \$812,000 with a Maximum Surplus Fund requirement of \$2,054,000. On December 31, 2019 the Senior Surplus Fund had a balance of \$813,396.

Subordinate Limited Tax General Obligation Bonds, Series 2019B (“Series 2019B Bonds”) – On November 26, 2019, the District issued its Series 2019B Bonds in the original principal amount of \$1,232,000 for the purpose of funding public improvements. The Series 2019B Bonds bear interest at a rate of 7.750%, payable to the extent there is Subordinate Pledged Revenue available therefore, on December 15 of each year, commencing December 15, 2020.

The Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed.

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00
December 1, 2026, to November 30, 2027	1.00
December 1, 2027 and thereafter	0.00

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

The Series 2019B Bonds mature on December 15, 2049. Any amount of the unpaid principal or interest on the Series 2019B Bonds shall be deemed discharged on December 15, 2059.

The Series 2019B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) all Subordinate Property Tax revenues; (b) all Subordinate Specific Ownership Tax revenues; (c) any amounts in the Senior Surplus Fund upon termination of the fund pursuant to the terms of the Senior Indenture; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 520,632	\$ 520,632
2021	-	513,500	513,500
2022	-	513,500	513,500
2023	-	513,500	513,500
2024	55,000	513,500	568,500
2025 - 2029	795,000	2,481,000	3,276,000
2030 - 2034	1,200,000	2,244,250	3,444,250
2035 - 2039	1,720,000	1,894,750	3,614,750
2040 - 2044	2,410,000	1,399,500	3,809,500
2045 - 2049	4,090,000	714,500	4,804,500
	<u>\$ 10,270,000</u>	<u>\$ 11,308,632</u>	<u>\$ 21,578,632</u>

The summary of the annual long-term debt principal and interest requirements for the Series 2019B Bonds is unavailable as these bonds are cash-flow bonds and repayment is subject to available funds.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

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
General Obligation Bonds - 2019A	\$ -	\$ 10,270,000	\$ -	\$ 10,270,000	\$ -
General Obligation Bonds - 2019B	-	1,232,000	-	1,232,000	-
Developer Note - O&M	61,254	11,456	-	72,710	-
Developer Note - O&M - interest	25,244	5,386	-	30,630	-
Developer Note - Capital	158,851	33,681	-	192,532	-
Developer Note - Capital - interest	86,490	13,799	-	100,289	-
Total	331,839	11,566,322	-	11,898,161	-
Original issue premium	-	147,022	93	146,929	-
	<u>\$ 331,839</u>	<u>\$ 11,713,344</u>	<u>\$ 93</u>	<u>\$ 12,045,090</u>	<u>\$ -</u>

Debt Authorization

As of December 31, 2019, the District had remaining voted debt authorization of approximately \$238,498,000. Per the District’s Service Plan, the District can not issue debt in excess of \$25,000,000 and has \$13,498,000 in remaining indebtedness authorized by the Service Plan. The District has not budgeted to issue any new debt during 2020.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with HW Sodbusters, LLC, (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.

Note 6: Agreements

Funding and Reimbursement Agreement – On April 14, 2008, the District entered into a Funding and Reimbursement Agreement, (“Agreement”), with the Developer. The District anticipated that it would not have sufficient funds to make the payment of its operations and maintenance expenses and costs related to public infrastructure; therefore pursuant to this Agreement the Developer would advance funds to meet any shortfalls in an amount not to exceed \$1,000,000. The advances earn interest from the date the moneys are deposited into the District’s account at the rate 8.0% per annum. As of December 31, 2019, the principal was \$265,242 and the accrued interest was \$130,919.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

Amended and Restated Infrastructure Acquisition and Reimbursement Agreement (Capital Expenses) - On November 22, 2019, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (the “Agreement”), with the Developer. The Developer has agreed to design, construct and complete the infrastructure improvements within the District outlined in the Service Plan. In lieu of advancing funds to the District, the Developer will complete such improvements subject to future acceptance and acquisition by the District. The District will then authorize reimbursement to the Developer using the Series 2019A Bonds proceeds. Any costs not reimbursed will accrue interest of 8% per annum commencing when the District accepts the costs. As of December 31, 2019, there was no reimbursements to the Developer. In 2020, the District reimbursed the Developer \$2,190,520.

Note 7: 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 6, 2007, 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.

Creekside Village Metropolitan District

Notes to Financial Statements
December 31, 2019

Note 8: 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 9: Interfund Transfers

The transfer of \$2,352,500 from the Capital Fund to Debt Service Fund was transferred for the purpose of the Series 2019A and Series 2019B Bonds issuance and funding the senior bond fund and surplus fund accounts.

Note 10: Economic Dependency

The District has not yet established a property tax base sufficient to pay the District’s commitments. Until a sufficient property tax base is established, the District will be dependent upon funding by the developer. (See Note 6.)

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental 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 and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

Creekside Village 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 process 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 on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Creekside Village Metropolitan District

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

For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Interest income	\$ -	\$ -	\$ 3,984	\$ 3,984
Total Revenues	<u>-</u>	<u>-</u>	<u>3,984</u>	<u>3,984</u>
EXPENDITURES				
Interest expense	<u>-</u>	<u>44,218</u>	<u>-</u>	<u>44,218</u>
Total Expenditures	<u>-</u>	<u>44,218</u>	<u>-</u>	<u>44,218</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(44,218)	3,984	48,202
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>44,218</u>	<u>2,352,500</u>	<u>2,308,282</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>44,218</u>	<u>2,352,500</u>	<u>2,308,282</u>
NET CHANGE IN FUND BALANCE	-	-	2,356,484	2,356,484
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,356,484</u>	<u>\$ 2,356,484</u>

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

Creekside Village 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 and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 15,147	\$ 15,147
Total Revenues	<u>-</u>	<u>15,147</u>	<u>15,147</u>
EXPENDITURES			
Accounting and audit	5,000	4,352	648
Legal	35,000	28,030	6,970
Bond issuance costs	-	526,586	(526,586)
Capital improvements	<u>20,200,000</u>	<u>-</u>	<u>20,200,000</u>
Total Expenditures	<u>20,240,000</u>	<u>558,968</u>	<u>19,681,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,240,000)	(543,821)	19,696,179
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	11,502,000	11,502,000
Bond premium	-	147,022	147,022
Developer advances	20,240,000	26,695	(20,213,305)
Transfers out	<u>-</u>	<u>(2,352,500)</u>	<u>(2,352,500)</u>
Total Other Financing Sources (Uses)	<u>20,240,000</u>	<u>9,323,217</u>	<u>(10,916,783)</u>
NET CHANGE IN FUND BALANCE	-	8,779,396	8,779,396
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 8,779,396</u>	<u>\$ 8,779,396</u>

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

Creekside Village Metropolitan District

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

Year Ended	Prior Year Assessed Valuation for Current Year Property	Mills Levied			Total Property Tax		Percent Collected
		General Fund	Debt Service	Special Revenue	Levied	Collected	
<u>December 31,</u>	<u>Tax Levy</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Levied</u>	<u>Collected</u>	<u>to Levied</u>
2009	\$ 4,310	0.000	0.000	0.000	\$ -	\$ -	0.00%
2010	\$ 4,320	0.000	0.000	0.000	\$ -	\$ -	0.00%
2011	\$ 3,640	0.000	0.000	0.000	\$ -	\$ -	0.00%
2012	\$ 4,270	0.000	0.000	0.000	\$ -	\$ -	0.00%
2013	\$ 4,270	0.000	0.000	0.000	\$ -	\$ -	0.00%
2014	\$ 5,420	0.000	0.000	0.000	\$ -	\$ -	0.00%
2015	\$ 5,420	0.000	0.000	0.000	\$ -	\$ -	0.00%
2016	\$ 6,490	0.000	0.000	0.000	\$ -	\$ -	0.00%
2017	\$ 11,120	0.000	0.000	60.000	\$ 278	\$ 278	100.00% (1)
2018	\$ 12,300	0.000	0.000	60.000	\$ 307	\$ 307	100.00% (1)
2019	\$ 12,300	0.000	0.000	60.000	\$ 307	\$ 307	100.00% (1)
Estimated for year ending December 31, 2020	\$ 6,760	10.000	55.664	0.000	\$ 444		

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.

(1) The assessed valuation included the District and Subdistrict A. The Subdistrict A collected the property taxes until it was dissolved in July 2019.