

**VILLAGE AT DRY CREEK METROPOLITAN
DISTRICT NO.1**

CITY OF THORNTON, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2019



Crady, Puca & Associates

Certified Public Accountants & Consultants

**VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO.1
CITY OF THORNTON, COLORADO**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Village at Dry Creek Metropolitan District No. 1
City of Thornton, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village at Dry Creek Metropolitan District No. 1 as of December 31, 2019 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-vi and 19, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedules on pages 20-21 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
September 18, 2020

Village At Dry Creek Metropolitan District No. 1

Management's Discussion and Analysis

December 31, 2019

As management of Village At Dry Creek Metropolitan District No. 1 ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Current year to prior year comparisons are presented below to help users evaluate the results of the District over the past two years.

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District utilized three governmental funds for 2019; the General Fund, Capital Fund and Debt Service Fund.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The statements for governmental funds are on pages 3 and 4 of this report. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities on pages 3 and 5 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. Budgetary comparisons for all funds have been provided on pages 19, 20 and 21 to demonstrate compliance with this budget.

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

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

**Village At Dry Creek Metropolitan District No. 1
Net Position**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 735,987	\$ 883,691
Capital and service obligation receivable	10,417,955	7,651,721
Capital assets	10,968,634	7,177,349
Total Assets	<u>22,122,576</u>	<u>15,712,761</u>
Liabilities		
Current	745,618	193,425
Long-term	10,417,955	7,501,252
Total Liabilities	<u>11,163,573</u>	<u>7,694,677</u>
Net Position:		
Net Investment in capital assets	10,968,634	7,177,349
Restricted	8,040	826,439
Unrestricted	(17,671)	14,296
Total Net Position	<u>\$ 10,959,003</u>	<u>\$ 8,018,084</u>

At the end of the current fiscal year, the District has a positive net position which results from an accounts receivable from Village At Dry Creek Metropolitan Districts Nos. 2-4 for reimbursement of the cost of capital assets and operations advanced by the developer.

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

**Village At Dry Creek Metropolitan District No. 1
Change in Net Position**

	Governmental Activities	
	2019	2018
Revenues:		
PIF Revenue	\$ 725,193	\$ 841,268
Intergovernmental revenue	18,443,458	7,488,351
Interest and other income	2,409	688
Total Revenues	19,171,060	8,330,307
Expenses:		
General government	635,084	120,350
Conveyance of infrastructure	14,105,052	-
Interest & depreciation expense	1,490,005	206,002
Total Expenses	16,230,141	326,352
 Change in Net Position	 2,940,919	 8,003,955
Net Position- Beginning	8,018,084	14,129
Net Position- Ending	\$ 10,959,003	\$ 8,018,084

The District has a positive net position because of the intergovernmental revenue for accrued amounts owed from Village At Dry Creek Metropolitan District Nos. 2-4.

The District is the “service district” in a multi-district structure whereby the District has and will continue to construct and operate the infrastructure for the overall development area. The District is responsible for managing the construction of all facilities and improvements and for the operation and maintenance of all improvements not conveyed to another public entity. Districts 2-4 (the “Taxing Districts”), to the extent financially possible, are responsible for providing the funding needed to support the construction and ongoing operation and maintenance of the improvements and public facilities.

Financial Analysis of the District’s Funds

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

Governmental funds: The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

General Fund expenditures were \$294,980 and comprised primarily of professional fees and management and maintenance. These costs were funded through \$268,000 received as an advance from the developer.

Capital Fund expenditures were \$18,603,744 for funding of organizational costs and construction of infrastructure. These costs were funded through \$18,603,744 received as an advance from the developer.

Debt Service Fund expenditures were \$17,228,212 for payment of PIF collection agent fees and repayment of developer advances, including interest. Debt fund revenues of \$16,404,826 were comprised of \$727,602 of PIF and other revenues and \$15,677,224 in bond proceeds received from District 2.

As of the end of 2019, the District's governmental funds reported an ending fund balance of (\$9,631).

Budget variances: The General Fund budget was amended in 2019 to account for additional professional fees as well as management and maintenance costs. The ending fund balance finished the year \$30,182 short of the final budget with both revenues and expenditures ending the year lower than budgeted amounts. A budget to actual schedule for the General Fund can be found on page 19 of this report.

The Capital Fund ending fund balance matched to the final budget, with expenditures and offsetting developer advances both finishing the year under budget. A budget to actual schedule for the Capital Fund can be found as part of the supplementary information on page 20 of this report.

The Debt Service Fund ending fund balance finished the year at \$0, \$2,907,474 less than the final budget. PIF revenue was less than budgeted as the budget anticipated a full year's collection but PIF revenue collected after the issuance of District 2 bonds was pledged and transferred to District 2. The revenue shortfall was offset because bond issuance costs and related interest originally budgeted to be incurred by the District was incurred by District 2. A budget to actual schedule for the Debt Fund can be found as part of the supplementary information on page 21 of this report.

Capital assets: After acquiring infrastructure from the developer totaling \$18,285,279, net of current year depreciation of \$388,942 and after the conveyance of \$14,105,052 of infrastructure to the City of Thornton, the District's total net capital assets were \$10,968,634 at the end of 2019. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page 14 of this report.

Long-term debt: During 2019, the District received funding in the form of developer advances for general fund expenditures and capital fund expenditures. The District finished the year with an overall balance owed the developer of \$9,611,867. Further detail of long-term debt can be found on page 14 of this report.

Request for Information: This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village At Dry Creek Metropolitan District No. 1, c/o Marchetti & Weaver, LLC, 245 Century Circle, Suite 103, Louisville, CO 80027, (720) 210-9137.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Statement of Net Position
December 31, 2019

	Total Governmental Activities
Assets:	
Cash and investments	\$ 123,534
Cash and investments - restricted	202,972
PIF receivable	409,481
Capital and service obligation receivable	10,417,955
Capital assets:	
Not depreciated	310,000
Depreciated, net	<u>10,658,634</u>
Total assets	<u><u>22,122,576</u></u>
Liabilities:	
Accounts payable	133,165
Intergovernmental payable	612,453
Accrued interest	806,088
Developer payables:	
Due within one year	-
Due in more than one year	<u>9,611,867</u>
Total liabilities	<u><u>11,163,573</u></u>
Net position:	
Net investment in capital assets	10,968,634
Restricted for emergencies	8,040
Unrestricted	<u>(17,671)</u>
Total net position	<u><u>\$ 10,959,003</u></u>

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

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Statement of Activities
For the Year Ended December 31, 2019

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Accounting and audit	\$ 46,682
Legal	88,165
Insurance and bonds	11,774
Dues	929
Bank charges	450
Management and maintenance	125,100
PIF collection fee	21,639
Elections	206
Organizational costs	318,465
Depreciation	388,942
Conveyance of infrastructure	14,105,052
Excess bond issuance costs	21,674
Interest on long-term debt	1,101,063
Total expenditures	16,230,141
General Revenues:	
PIF revenue	725,193
Interest income	682
Other income	1,727
Bond proceeds transferred from District No. 2	15,677,224
Intergovernmental revenue for capital and service obligations	2,766,234
Total general revenues	19,171,060
Change in net position	2,940,919
Net position, beginning of year	8,018,084
Net position, end of year	\$ 10,959,003

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

FUND FINANCIAL STATEMENTS

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Balance Sheet
Governmental Funds
December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 123,534	\$ -	\$ -	\$ 123,534
Cash and investments - restricted	-	-	202,972	202,972
PIF receivable	-	-	409,481	409,481
Developer receivable	-	-	-	-
Total assets	<u>\$ 123,534</u>	<u>\$ -</u>	<u>\$ 612,453</u>	<u>\$ 735,987</u>
Liabilities:				
Accounts payable	\$ 133,165	\$ -	\$ -	\$ 133,165
Intergovernmental payable	-	-	612,453	612,453
Total liabilities	<u>133,165</u>	<u>-</u>	<u>612,453</u>	<u>745,618</u>
Fund balance:				
Restricted for emergencies	8,040	-	-	8,040
Restricted for debt service	-	-	-	-
Unassigned	(17,671)	-	-	(17,671)
Total fund balance	<u>(9,631)</u>	<u>-</u>	<u>-</u>	<u>(9,631)</u>
Total liabilities and fund balances	<u>\$ 123,534</u>	<u>\$ -</u>	<u>\$ 612,453</u>	<u>\$ 735,987</u>

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

Total fund balance - governmental funds	\$ (9,631)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	10,968,634
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	10,417,955
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(10,417,955)
Net position of governmental activities	<u>\$ 10,959,003</u>

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

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Credit PIF revenue	\$ -	\$ -	\$ 564,039	\$ 564,039
Add-on PIF revenue	-	-	161,154	161,154
Interest income	-	-	682	682
Other income	-	-	1,727	1,727
Total revenues	-	-	727,602	727,602
Expenditures:				
Current:				
General government:				
Accounting and audit	46,682	-	-	46,682
Legal	88,165	-	-	88,165
Insurance and bonds	11,774	-	-	11,774
Dues	929	-	-	929
Bank charges	450	-	-	450
Excess bond issuance costs	21,674	-	-	21,674
Management and maintenance	125,100	-	-	125,100
PIF collection fee	-	-	21,639	21,639
Organizational costs	-	318,465	-	318,465
Miscellaneous	206	-	-	206
Debt Service:				
Interest	-	-	445,444	445,444
Capital outlay	-	18,285,279	-	18,285,279
Total expenditures	294,980	18,603,744	467,083	19,365,807
Excess of revenue over (under) expenditures	(294,980)	(18,603,744)	260,519	(18,638,205)
Other financing sources (uses):				
Bond proceeds from District No. 2	-	-	15,677,224	15,677,224
Repayment of developer debt	-	-	(16,761,129)	(16,761,129)
Advances on developer debt	268,000	18,603,744	-	18,871,744
Total other financing sources (uses)	268,000	18,603,744	(1,083,905)	17,787,839
Net change in fund balance	(26,980)	-	(823,386)	(850,366)
Fund balance, beginning of year	17,349	-	823,386	840,735
Fund balance, end of year	\$ (9,631)	\$ -	\$ -	\$ (9,631)

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

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

	Total Governmental Funds
	<u> </u>
Net change in fund balance of the governmental funds	\$ (850,366)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense and conveyance of infrastructure to other governmental entities in the current year.	3,791,285
Revenues in the government-wide statements of activities that are not measureable and available in the governmental funds are not reported as revenue in the governmental funds.	2,766,234
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.	(2,110,615)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	<u>(655,619)</u>
Change in net position of governmental activities	<u>\$ 2,940,919</u>

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Village at Dry Creek Metropolitan District No. 1 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District is a quasi-municipal corporation of the State of Colorado organized by a court order dated February 21, 2013 and operated pursuant to provisions set forth in the Colorado Special District Act. The District was organized concurrently with Village at Dry Creek Metropolitan District No. 2 to 4 (District Nos. 2-4). The District was established for the primary purpose of the operating district and is expected to coordinate the financing, construction and maintenance of all public improvements. District Nos. 2-4 are the financing districts which are expected to include all of the future development comprising the project and provide the revenue to support the District improvements and other services. The operating district will be permitted to provide public services and facilities in the City of Thornton, Colorado.

The District is to convey the completed public improvements, other than certain infrastructure and parks and recreation located in the District, to the City or other appropriate jurisdictions.

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

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

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by public improvement fees and intergovernmental revenues from the financing Districts.

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

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

Basis of Presentation (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period except for public improvement fees. Public improvement fees are recognized as revenues if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

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

Capital Projects Fund – accounts for all financial resources for capital outlays, including the acquisition or construction of infrastructure costs.

Debt Service Fund - accounts for collection of Public Improvement Fee revenues and payments on debt service or debt issued.

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

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

Deposits and Investments

Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

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

Fair Value

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

Receivables

Receivables consist of public improvement fees earned as of December 31, 2019. The District considers all receivables collectible as of December 31, 2019.

Capital Assets

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

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

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

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

Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Parks and recreation	25
Infrastructure	25

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time frame. In the current year, the District did not have any items in this reporting category.

Long-Term Obligations

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

Fund Balance

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

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

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

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision making authority. As of December 31, 2019, no amounts have been committed.

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

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

Fund Balance (continued)

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2019, no amounts have been assigned.

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

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

Net Position

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

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

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

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

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

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

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

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2019 year-end fund balance in the General Fund for emergencies as required under TABOR totaling \$8,040, which is the approximate required reserve at December 31, 2019.

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Notes to Financial Statements
December 31, 2019

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 6, 2012, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

3. Detailed Notes on the Funds

Deposits and Investments

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

Cash and investments	\$ 123,534
Cash and investments - restricted	202,972
	<u>\$ 326,506</u>

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

<u>Type</u>	<u>Ratings per Standards & Poor’s</u>	<u>Total as of December 31, 2019</u>
Deposits with financial institutions		\$ 122,117
COLOTRUST PLUS+	AAAm	204,389
Total		<u>\$ 326,506</u>

Cash Deposits

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

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

Investments

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

3. Detailed Notes on the Funds (continued)

Investments (continued)

At December 31, 2019, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers two investment options: COLOTRUST PRIME and COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period.

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

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

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

- Certain money market funds
- Local government investment pool

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Notes to Financial Statements
December 31, 2019

3. Detailed Notes on the Funds (continued)

Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 310,000	\$ -	\$ -	\$ 310,000
Infrastructure conveyed	-	14,105,052	(14,105,052)	-
Total capital assets, not being depreciated	<u>310,000</u>	<u>14,105,052</u>	<u>(14,105,052)</u>	<u>310,000</u>
Capital assets being depreciated:				
Parks and recreation	4,399,695	-	-	4,399,695
Infrastructure	2,537,020	4,180,227	-	6,717,247
Total capital assets being depreciated	<u>6,936,715</u>	<u>4,180,227</u>	<u>-</u>	<u>11,116,942</u>
Less accumulated depreciation for:				
Parks and recreation	(43,997)	(175,988)	-	(219,985)
Infrastructure	(25,369)	(212,954)	-	(238,323)
Total accumulated depreciation	<u>(69,366)</u>	<u>(388,942)</u>	<u>-</u>	<u>(458,308)</u>
Total capital assets being depreciated, net	<u>6,867,349</u>	<u>3,791,285</u>	<u>-</u>	<u>10,658,634</u>
Capital assets, net	\$ <u>7,177,349</u>	\$ <u>17,896,337</u>	\$ <u>(14,105,052)</u>	\$ <u>10,968,634</u>

Depreciation expense of \$388,942 was charged to general government.

Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Developer advance – operations	\$ 254,537	\$ 268,000	\$ (105,622)	\$ 416,915	\$ -
Developer advance – capital	7,246,715	18,603,744	(16,655,507)	9,194,952	-
Governmental activities long-term debt	<u>\$ 7,501,252</u>	<u>\$ 18,871,744</u>	<u>\$ (16,761,129)</u>	<u>\$ 9,611,867</u>	<u>\$ -</u>

At December 31, 2019, the District had total authorized debt of \$280,000,000 none of which has been issued, leaving an authorized but unissued balance of \$280,000,000. Per the District's Service Plan, the District and District Nos. 2-4 cannot issue debt in excess of \$55,000,000, not including refinancing debt, without the approval of the City.

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

Developer Obligations

Amended and Restated Advance and Reimbursement Agreement

On April 1, 2016, the District entered into an Amended and Restated Advance and Reimbursement Agreement (Advance Agreement) with Simon Acquisition II, LLC to fund the operations costs shortfall of the District. Interest is to be accrued on this obligation at 8% per annum accruing for each advance from the date of the advance. On March 5, 2019, the Agreement was terminated, and the balances were transferred to a new agreement with Denver Premium Outlets, LLC (Developer), a special purpose entity formed to develop, own and/or operate the property. Under the Advance Agreement, the principal balance as of December 31, 2019 amounted to \$416,915 and the accrued interest amounted to \$66,717.

Improvement Acquisition and Reimbursement Agreement

On March 22, 2018, the District, District Nos. 2-4, and the Developer (Denver Premium Outlets, LLC) entered into an Infrastructure Acquisition and Reimbursement Agreement (Infrastructure Agreement). Under the Infrastructure Agreement, the District established a process by which the District can reimburse the Developer for Certified District Eligible Costs incurred by the Developer for the public infrastructure. Under the Infrastructure Agreement, the District will not be directly responsible for funding the reimbursement of the Certified District Eligible Costs, but rather District Nos. 2-4 shall generate such revenues. Upon adoption of an acceptance resolution, simple interest shall accrue at 6.25% per annum on Phase 1 capital advances up to the phase 1 cap amount. Amounts in excess of the phase 1 cap shall accrue interest at Wall Street Journal prime interest rate plus 3% not to exceed 9% as stated in the Public Finance Agreement. The Districts shall undertake good faith efforts to issue general obligation bonds or other indebtedness to generate funds to pay such obligations at the earliest practicable date. Such obligations shall be secured by the Districts' pledge of ad valorem property tax as permitted by the service plan and electoral authorizations and any other legally available revenues of the Districts that are pledged for payment thereof. Per the agreement, any mill levy certified for the purpose of repaying the obligation shall not exceed 50 mills.

On April 16, 2019, the District approved a resolution regarding the acceptance of all district eligible costs for public improvements funded by the Developer which amounted to \$25,941,657. This amount included \$7,246,715 which was approved by District resolution on September 25, 2018. The additional eligible costs amounted to \$18,694,942 and \$18,603,744 of the total amounts were reimbursed during 2019 under this agreement. The resolution provides for payments subject to annual appropriations and does not guarantee future payments. Under the Infrastructure Agreement, the principal balance as of December 31, 2019 amounted to \$9,194,952 and the accrued interest amounted to \$739,371.

4. Agreements

Public Finance Agreement

In October 2015, the District entered into a Public Finance Agreement with District Nos. 2-4, the Developer, and the City of Thornton (City) for the development of a Retail Outlet Center (Outlet Center). Under this agreement, the Developer agrees to impose a Credit Public Improvement Fee (PIF) and Add-on PIF of 1.4% and .4% on taxable sales, respectively, and if pledged, an Outparcel Add-on PIF. The District shall assign the Pledged PIF revenue to the District that issues the District Bonds or to the District Bond Trustee until the payment in full of the District Bonds. Any Add-on PIF revenue that is not pledged shall be used to repay certain developer advances. Under the agreement, the Districts may impose a debt service mill levy up to 50 mills during the terms of this agreement, subject to valuation adjustments.

Under this agreement, the City has the option, but not the obligation, to make a City Contribution to pay or reimburse costs up to a maximum amount of \$6,000,000. The City will implement a sales tax credit equal to 1.4% of the sales tax collected on taxable sales within Phase 1 and 2 of the Outlet Center. The sales tax credit for Phase 1 will be in place until the earlier of (a) 25 years after the date of the grand opening (b) payment in full or defeasance of all outstanding Phase 1 District Bonds, or (c) if Phase 1 bonds are not issued, payment of allowed costs. The sales tax credit for Phase 2 will be in place until the earlier of (a) 25 years after the date of the grand opening of Phase 1 (b) payment in full or defeasance of all outstanding Phase 2 District Bonds, or (c) if Phase 2 bonds are not issued, payment of allowed costs.

The agreement will terminate upon payment in full of the Districts Bonds or full performance of the covenants of the Agreement, whichever occurs later, and 25 years after the grand opening of Phase 1 of the Outlet Center. In July 2019 District No. 2 issued District bonds. As a result of the bond issuance, the District assigned the Pledged PIF revenue to District No. 2 effective July 18, 2019.

5. Related Party

All members of the Board of Directors are associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. The District has entered into various funding agreements with the Developer, see Note 3, and a Public Finance Agreement, see Note 4.

The District has also entered into an independent contractor agreement dated March 5, 2019 with the Developer for maintenance and management of the Outlet Center. For the year ended December 31, 2019, the District incurred costs of \$125,100 which is due to the Developer at December 31, 2019 and is included in accounts payable.

6. Risk Management

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

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Notes to Financial Statements
December 31, 2019

6. Risk Management (continued)

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2019, the Pool has made no distributions nor required additional contributions from the District.

7. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Capital assets of \$11,426,942 less accumulated depreciation of \$458,308 or a net book value of \$10,968,634 are not financial resources and therefore are not reported in the funds.

Capital and service obligation receivable due from the financing districts of \$10,417,955 is not available for current period expenditures and, therefore, not reported in the funds.

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

Developer payable – capital	\$ (9,194,952)
Developer payable – operations	(416,915)
Accrued interest on developer debt	(806,088)
Net adjustment	<u>\$ (10,417,955)</u>

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

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

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

Capital outlay	\$ 18,285,279
Conveyance of infrastructure	(14,105,052)
Depreciation expense	(388,942)
	<u>\$ 3,791,285</u>

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

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

Revenues in the government-wide statements of activities that are not measurable and available in the governmental funds are not reported as revenue in the governmental funds. The difference is due to the change in the capital and service obligation receivable of \$2,766,234.

The issuance of long-term debt (e.g. bonds payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Debt issued or incurred:		
Developer advances	\$	(18,871,744)
Repayments:		
Developer advances		16,761,129
Net adjustment	\$	<u>(2,110,615)</u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The difference is due to accrued interest on developer debt of \$(655,619).

8. Subsequent Event

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

COVID-19 could adversely affect the economies and financial markets of many countries, including the U.S. resulting in an economic downturn that could affect District Nos. 2-4’s ability to fund the District.

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Other income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government:				
Accounting and audit	33,000	47,000	46,682	318
Legal	55,000	101,000	88,165	12,835
Insurance and bonds	10,000	11,774	11,774	-
Dues	400	929	929	-
Engineering	3,000	-	-	-
Director's fees	1,000	-	-	-
Bank charges	120	1,350	450	900
Excess bond issuance costs	-	22,191	21,674	517
Management and maintenance	136,900	111,354	125,100	(13,746)
Miscellaneous	1,200	1,200	206	994
Contingency	25,000	100,000	-	100,000
Total expenditures	<u>265,620</u>	<u>396,798</u>	<u>294,980</u>	<u>101,818</u>
Excess of revenues over (under) expenditures	<u>(265,620)</u>	<u>(396,798)</u>	<u>(294,980)</u>	<u>101,818</u>
Other financing sources (uses):				
Developer advances	268,000	400,000	268,000	(132,000)
Total other financing sources (uses)	<u>268,000</u>	<u>400,000</u>	<u>268,000</u>	<u>(132,000)</u>
Net change in fund balance	2,380	3,202	(26,980)	(30,182)
Fund balance, beginning of year	<u>28,241</u>	<u>17,349</u>	<u>17,349</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,621</u>	<u>\$ 20,551</u>	<u>\$ (9,631)</u>	<u>\$ (30,182)</u>

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

SUPPLEMENTARY INFORMATION

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Other income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Organizational costs	-	-	318,465	(318,465)
Capital outlay	18,500,000	19,000,000	18,285,279	714,721
Total expenditures	<u>18,500,000</u>	<u>19,000,000</u>	<u>18,603,744</u>	<u>396,256</u>
Excess of revenues over (under) expenditures	<u>(18,500,000)</u>	<u>(19,000,000)</u>	<u>(18,603,744)</u>	<u>396,256</u>
Other financing sources (uses):				
Developer advances	18,500,000	19,000,000	18,603,744	(396,256)
Total other financing sources (uses)	<u>18,500,000</u>	<u>19,000,000</u>	<u>18,603,744</u>	<u>(396,256)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGE AT DRY CREEK METROPOLITAN DISTRICT NO. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Credit PIF revenue	\$ 1,408,652	\$ 564,039	\$ (844,613)
Add-on PIF revenue	402,472	161,154	(241,318)
Interest income	20,000	682	(19,318)
Other income	-	1,727	1,727
Total revenues	1,831,124	727,602	(1,103,522)
Expenditures:			
General government:			
PIF collection fee	12,000	21,639	(9,639)
Contingency	10,000	-	10,000
Bond issuance costs and discount	1,163,797	-	1,163,797
Bond interest	861,075	445,444	415,631
Total expenditures	2,046,872	467,083	1,579,789
Excess of revenues over (under) expenditures	(215,748)	260,519	476,267
Other financing sources (uses):			
Developer repayments	(16,503,778)	(16,761,129)	(257,351)
Bond proceeds from District No. 2	19,135,000	15,677,224	(3,457,776)
Total other financing sources (uses)	2,631,222	(1,083,905)	(3,715,127)
Net change in fund balance	2,415,474	(823,386)	(3,238,860)
Fund balance, beginning of year	492,000	823,386	331,386
Fund balance, end of year	\$ 2,907,474	\$ -	\$ (2,907,474)

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