

**CONESTOGA METROPOLITAN
DISTRICT NO. 1**

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Conestoga Metropolitan District No. 1
Loveland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Conestoga Metropolitan District No. 1, 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 Conestoga Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position, thereof for the year then ended in accordance 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 budgetary comparison information on page 16 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion 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 individual fund schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luther & Associates, LLC

October 30, 2020

BASIC FINANCIAL STATEMENTS

CONESTOGA METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

As of December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 4,342
Accounts Receivable	<u>13,590</u>
 TOTAL ASSETS	 <u>17,932</u>
LIABILITIES	
Accounts Payable	10,147
Accrued Interest	5,914
Noncurrent Liabilities	
Due within One Year	369,810
Due in More Than One Year	<u>-</u>
 TOTAL LIABILITIES	 <u>385,871</u>
NET POSITION	
Net Investment in Capital Assets	(369,810)
Restricted for Emergencies	5,900
Unrestricted	<u>(4,029)</u>
 TOTAL NET POSITION	 <u><u>\$ (367,939)</u></u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
PRIMARY GOVERNMENT		<u>Charges for</u>	<u>Capital Grants</u>	<u>Governmental</u>
Governmental Activities		<u>Services</u>	<u>and Contributions</u>	<u>Activities</u>
General Government	\$ 1,249,617	\$ 16,029	\$ -	\$ (1,233,588)
Interest on Long-Term Debt	33,888	-	-	(33,888)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 1,283,505</u>	<u>\$ 16,029</u>	<u>\$ -</u>	<u>(1,267,476)</u>
GENERAL REVENUES				
Special Item				
Transfer from District No. 2				<u>936,000</u>
TOTAL GENERAL REVENUES				<u>936,000</u>
CHANGE IN NET POSITION				(331,476)
NET POSITION, Beginning				<u>(36,463)</u>
NET POSITION, Ending				<u>\$ (367,939)</u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 4,342	\$ -	\$ 4,342
Accounts Receivable	13,590		13,590
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 17,932</u>	<u>\$ -</u>	<u>\$ 17,932</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 10,147	\$ -	\$ 10,147
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>10,147</u>	<u>-</u>	<u>10,147</u>
FUND EQUITY			
Fund Balance			
Restricted for Emergencies	5,900	-	5,900
Unassigned	1,885	-	1,885
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>7,785</u>	<u>-</u>	<u>7,785</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 17,932</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include developer advances (\$369,810) and accrued interest payable (\$5,914).

(375,724)

Net Position of governmental activities

\$ (367,939)

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES			
Service Fees	\$ 16,029	\$ -	\$ 16,029
TOTAL REVENUES	<u>16,029</u>	<u>-</u>	<u>16,029</u>
EXPENDITURES			
Current			
General Government	101,725	89,882	191,607
Developer Advance Repayments	-	936,000	936,000
Capital Outlay	-	1,058,010	1,058,010
TOTAL EXPENDITURES	<u>101,725</u>	<u>2,083,892</u>	<u>2,185,617</u>
EXCESS OF REVENUES (UNDER) EXPENSES	<u>(85,696)</u>	<u>(2,083,892)</u>	<u>(2,169,588)</u>
OTHER FINANCING SOURCES			
Proceeds from Developer Advances	92,660	1,147,892	1,240,552
Transfer from District No. 2	-	936,000	936,000
TOTAL OTHER FINANCING SOURCES	<u>92,660</u>	<u>2,083,892</u>	<u>2,176,552</u>
NET CHANGE IN FUND BALANCES	6,964	-	6,964
FUND BALANCES, Beginning	<u>821</u>	<u>-</u>	<u>821</u>
FUND BALANCES, Ending	<u>\$ 7,785</u>	<u>\$ -</u>	<u>\$ 7,785</u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 6,964
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities. This amount represents developer advances.	(1,240,552)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount includes principal payments (\$900,744) and change in accrued interest payable (\$1,368) for the period.	<u>902,112</u>
Change in Net Position of Governmental Activities	<u><u>\$ (331,476)</u></u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conestoga Metropolitan District No. 1 (the “District”) was formed to provide public services and improvements within its boundaries. The District is governed by a five-member Board of Directors (the “Board”) elected by the constituents.

The accounting policies of the District conform to generally accepted accounting principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of the 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*.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Governmental fund financial statements are reported using the current *financial resources Measurement Focus* and the *Modified Accrual Basis of Accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the construction of public infrastructure and other capital improvements within the District.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between fifteen and thirty years.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type Statement of Net Position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position components are investment in capital assets, restricted, or unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as deposits and prepaid amounts) or are legally or contractually required to be maintained intact. The District has no nonspendable fund balance at December 31, 2019.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The use of the Emergency Reserves is restricted by State Statute for declared emergencies.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically first spend restricted fund balances, followed by committed resources, and then assigned resources, as appropriate opportunities arise. The District reserves the right to selectively spend the Unassigned balance.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Property taxes are assessed and submitted to Conestoga Metropolitan District Nos. 1 through 5. Conestoga Metropolitan District Nos. 2 through 5 forward the taxes collected to the District as a payment for administrative and other services. These payments are labeled as charges for services in the financial statements.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board at a public hearing.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$4,342. The bank balances with the financial institutions were \$17,845. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The District does not have a formal investment policy; however the District follows state statutes regarding investments.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

As of December 31, 2019, the District did not hold any investments.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019:

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/19</u>	Due In <u>One Year</u>
Developer Advances					
- Operating	\$ 36,222	\$ 1,147,892	\$ 900,744	\$ 247,148	\$ 247,148
Developer Advances					
- Capital	<u> -</u>	<u> 86,440</u>	<u> -</u>	<u> 122,662</u>	<u> 122,662</u>
Total	<u>\$ 36,222</u>	<u>\$ 1,234,332</u>	<u>\$ 900,744</u>	<u>\$ 369,810</u>	<u>\$ 369,810</u>

Developer Advances - Operating

On December 8, 2017, the District entered into an Funding and Reimbursement Agreement (the “Operating Agreement”), with Conestoga Developers Company, LLC (“the Developer”) to provide financing for the operations and maintenance of the District. Pursuant to the Operating Agreements, the Developer agreed to loan the District amounts not to exceed \$500,000. Pursuant to the Operating Agreement, the District issued the notes to the Developer further evidencing the District’s obligation to make repayment of all amounts borrowed from the Developer (the “Operating Notes”). The terms of the Operating Notes provide for a maturity date of December 8, 2018 and further provide that in the event the District cannot repay all amounts due and owing at the maturity date, the District shall refund the existing notes and issue new notes on similar terms, with a maturity date of December 31 of the succeeding year. This note accrues interest at two percent plus the current Federal Reserve Board Prime Rate which was 4.75% at December 31, 2019.

Developer Advances - Capital

On December 8, 2017, the District entered into an Advance and Reimbursement Agreement (“Capital Agreement”) with the Developer to provide for the financing and repayment of costs associated with the District’s construction of public infrastructure within and without the District’s boundaries through December 31, 2018 which shall constitute the initial "Funding Obligation Term" of this Agreement. The Developer may agree to renew its obligations hereunder on an annual basis by providing written notice thereof to the District no later than December 15 immediately prior to the then effective Loan Obligation Termination Date, in which case the Loan Obligation Termination Date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year. Pursuant to the Capital Agreement the District agreed to loan the Districts funds in an amount not to exceed \$9,750,000, which amount includes previous advanced amounts. This note accrues interest at two percent plus the current Federal Reserve Board Prime Rate which was 7.5% at December 31, 2019.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 5: RELATED PARTIES

All of the members of the Board are associated with of the Developers and may be owners and/or investors in the Developers. The District owes the Developers \$369,810 in note principal and \$5,847 in accrued interest as of December 31, 2019.

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the "Pool"). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

NOTE 7: DEBT AUTHORIZATION

Per the Consolidated Service Plan dated November 21, 2017, the maximum amount of debt that Conestoga Metropolitan District 1 may have outstanding at any one time is \$9,750,000. As of December 31, 2019, the District has \$9,380,190 of authorized but unissued debt.

NOTE 8: COMMITMENTS AND CONTINGENCIES

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2019, the emergency reserve of \$500 was recorded as a restriction of fund balance in the General Fund.

CONESTOGA METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through October 30, 2020. It was determined that the following event is required to be disclosed through this date.

Covid-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

CONESTOGA METROPOLITAN DISTRICT NO. 1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Service Fees	\$ 15,856	\$ 16,029	\$ 173
TOTAL REVENUES	15,856	16,029	173
EXPENDITURES			
Current			
General Government			
Accounting and Administration	15,075	21,850	(6,775)
District Management	42,320	30,680	11,640
Maintenance	16,500	994	15,506
Insurance	3,000	2,080	920
Legal Expenses	20,000	39,697	(19,697)
Office, Dues and Other	1,750	2,324	(574)
Other Expenses	16,725	4,100	12,625
Organization/Formation Costs	150,000	-	150,000
Contingency	10,000	-	10,000
TOTAL EXPENDITURES	275,370	101,725	173,645
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(259,514)	(85,696)	173,818
OTHER FINANCING SOURCES			
Developer Advances	262,014	92,660	(169,354)
NET CHANGE IN FUND BALANCE	2,500	6,964	4,464
FUND BALANCE, Beginning	1,000	821	(179)
FUND BALANCE, Ending	\$ 3,500	\$ 7,785	\$ 4,285

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

CONESTOGA METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
General District Management	-	3,500	9,218	(5,718)
Formation and Organization Expense	-	96,500	80,664	15,836
Capital Expenditures	-	2,400,000	1,058,010	1,341,990
Developer Advance Repayments	-	-	936,000	(936,000)
TOTAL EXPENDITURES	-	2,500,000	2,083,892	416,108
CHANGE IN FUND BALANCE	-	(2,500,000)	(2,083,892)	416,108
OTHER FINANCING SOURCES				
Proceeds from Developer Advances	-	2,500,000	1,147,892	(1,352,108)
Transfer from District No. 2	-	-	936,000	936,000
TOTAL OTHER FINANCING SOURCES (USES)	-	2,500,000	2,083,892	(416,108)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.