

AMBER CREEK METROPOLITAN DISTRICT

**THORNTON
ADAMS COUNTY, COLORADO**



**FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

August 2, 2021

To the Board of Directors
Amber Creek Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Amber Creek Metropolitan District as of and for the year ended December 31, 2020 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 and 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of Amber Creek Metropolitan District, as of December 31, 2020 and the respective changes in financial position and the budgetary comparison for the General Fund, Reserve Fund and Debt Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Amber Creek Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

B F Boyer CPA PC

**Certified Public Accountants
Lakewood, CO**

AMBER CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 396,220
Cash and investments – restricted	5,678,682
Accounts receivable – specific ownership taxes	4,305
Accounts receivable – due from homeowners	6,499
Property taxes receivable	885,100
Prepaid expenses	11,889
Capital assets, net	945,615
Land	15,200
Total Assets	\$ 7,943,510
LIABILITIES	
Accounts payable and accrued liabilities	\$ 17,835
Accrued interest payable	1,225,507
Current portion of municipal bonds	30,000
Municipal bonds (matures December 2035)	17,548,000
Total Liabilities	18,821,342
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	885,100
NET POSITION	
Restricted:	
Emergency reserves	6,500
Debt service	1,550,095
Capital projects	4,125,230
Non-spendable	11,889
Unassigned:	(17,456,646)
Total Net Position	(\$ 11,762,932)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	(\$ 217,180)	\$ 14,475	\$ -	\$ -	(\$ 202,705)
Interest and related costs on long-term debt	(1,235,232)	-	-	-	(1,235,232)
Capital project activities	(48,210)	-	-	-	(48,210)
	<u>(\$1,500,622)</u>	<u>\$ 14,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,486,147)</u>
General Revenues					
	Property taxes				\$ 793,754
	Specific ownership taxes				57,698
	Net investment income				48,491
	Other				-
	Total general revenue				<u>899,943</u>
	Change in net position				<u>(586,204)</u>
	Net Position (Deficit) – Beginning of Year (as adjusted – NOTE 7)				<u>(11,176,728)</u>
	Net Position (Deficit) – End of Year				<u>(\$ 11,762,932)</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2020

	General	Debt Service	Capital Projects	Total Government Funds
ASSETS				
Cash and investments	\$ 396,220	\$ -	\$ -	\$ 396,220
Cash and investments - Restricted	6,500	1,546,952	4,125,230	5,678,682
Accounts receivable – spec ownership taxes	1,162	3,143	-	4,305
Accounts receivable-due from homeowners	6,499	-	-	6,499
Property taxes receivable	209,000	676,100	-	885,100
Prepaid expenses	11,889	-	-	11,889
TOTAL ASSETS	631,270	2,226,195	4,125,230	6,982,695
LIABILITIES				
Accounts payable and accrued liabilities	17,835	-	-	17,835
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	209,000	676,100	-	885,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	226,835	676,100	-	902,935
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	6,500	-	-	6,500
Debt service	-	1,550,095	-	1,550,095
Capital projects	-	-	4,125,230	4,125,230
Non-spendable	11,889	-	-	11,889
Unrestricted	386,046	-	-	386,046
Total Fund Balances	404,435	1,550,095	4,125,230	6,079,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 631,270	\$ 2,226,195	\$ 4,125,230	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land, property, structures and equipment, net	960,815
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(17,578,000)
Accrued interest payable	(1,225,507)
Net position of governmental activities	(\$11,762,932)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended December 31, 2020

	General	Debt Service	Capital Projects	Total Government Funds
REVENUES				
Property taxes	\$ 211,004	\$ 582,750	\$ -	\$ 793,754
Specific ownership taxes	15,356	42,342	-	57,698
Property violation fines	1,025	-	-	1,025
Transfer and admin fees	4,450	-	-	4,450
Facility Fees	-	-	9,000	9,000
Net investment income	2,134	28,877	17,481	48,491
Total revenues	233,969	653,969	26,481	914,419
EXPENDITURES				
General and administration	37,270	73,395	-	110,665
Landscaping maintenance	139,243	-	-	139,243
Other district expenses	40,667	-	-	40,667
Debt service				
Series 2017A Bonds - principal payments	-	1,168,000	-	1,168,000
Series 2017B Bonds - principal payments	-	156,000	-	156,000
Series 2017A Bonds - interest payments	-	766,381	-	766,381
Series 2017B Bonds - interest payments	-	26,875	-	26,875
Public infrastructure acquisitions	-	-	-	-
Total Expenditures	217,180	2,190,651	-	2,407,831
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,789	(1,536,682)	26,481	(1,493,412)
OTHER FINANCING SOURCES (USES)				
Fund transfers in (out)	-	1,388,944	(1,388,944)	-
NET CHANGE IN FUND BALANCE	16,789	(147,738)	(1,362,463)	(1,493,412)
FIND BALANCES – BEGINNING OF YEAR	387,646	1,697,833	5,487,693	7,573,172
FUND BALANCES – END OF YEAR	<u>\$ 404,435</u>	<u>\$1,550,095</u>	<u>\$4,125,230</u>	<u>\$ 6,079,760</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
12-Month Period Ended December 31, 2020

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

Net change in fund balances – Total government funds	(\$ 1,493,412)
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Depreciation on property, structures and equipment	(48,210)
Construction of property, structures, and equipment	17,835

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.

Decrease in bond principal	1,324,000
Increase in accrued bond interest payable	(386,417)

Changes in net position of governmental activities	(\$ 586,204)
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 209,000	\$ 211,004	\$ 2,004
Specific ownership taxes	14,500	15,356	856
Property violation fines	3,000	1,025	(1,975)
Transfer and admin fees	5,500	4,450	(1,050)
Net investment income	2,000	2,134	134
Total revenues	<u>234,000</u>	<u>233,969</u>	<u>(31)</u>
EXPENDITURES			
General and administration	83,700	37,270	46,430
Landscaping maintenance	106,000	139,243	(33,243)
Other district expenses	51,300	40,667	10,633
Total expenditures	<u>241,000</u>	<u>217,180</u>	<u>23,820</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,000)</u>	<u>16,789</u>	<u>23,789</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(7,000)</u>	<u>16,789</u>	<u>23,789</u>
FUND BALANCE – BEGINNING OF YEAR	<u>338,000</u>	<u>387,646</u>	<u>49,646</u>
FUND BALANCE – END OF YEAR	<u>\$ 331,000</u>	<u>\$ 404,435</u>	<u>\$ 73,435</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**AMBER CREEK METROPOLITAN DISTRICT
GENERAL FUND EXPENDITURE
DETAILS– BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management fees	\$ 39,700	\$ 39,700	\$ -
Administrative and collection costs	5,000	3,164	1,836
Audit fees	7,000	5,940	1,060
Collection fees – County Treasurer	3,200	3,169	31
Board of Directors’ fees	3,500	2,100	1,400
Board training and conferences	3,000	100	2,900
Insurance	7,000	4,185	2,815
Legal fees	10,000	10,680	(680)
Indirect collection cost allocable to debt fund	-	(32,961)	32,961
Contingency	5,300	1,193	4,107
Total General and Administration	\$ 83,700	\$ 37,270	\$ 46,430
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 32,600	\$ 33,310	(\$ 710)
Tree maintenance/replacement	6,000	26,682	(20,682)
Perimeter fence maintenance	5,000	750	4,250
Sprinkler repairs	4,000	2,776	1,224
Sprinklers – water	42,000	43,765	(1,765)
Sprinklers – electricity	3,600	1,761	1,839
Grounds improvements	7,400	25,054	(17,654)
Property insurance	-	3,151	(3,151)
Miscellaneous costs	5,400	1,994	3,406
Total Landscaping Maintenance	\$ 106,000	\$ 139,243	(\$ 33,243)
OTHER DISTRICT EXPENSES			
Snow removal	\$ 8,000	\$ 1,517	\$ 6,483
Covenant enforcement services	32,300	32,894	(594)
Park & recreation events	5,000	6,256	(1,256)
Election costs	5,000	-	5,000
Vandalism	1,000	-	1,000
Total Other District Expenses	\$ 51,300	\$ 40,667	\$ 10,633

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

AMBER CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2020

NOTE 1 – DEFINITION OF REPORTING ENTITY

Amber Creek Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 14, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Thornton (City) in August 2005 and amended with City approval in June 2014, February 2016 and August 2017. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain various open spaces within the District (not otherwise owned and maintained by the City), (2) maintain perimeter fencing, and (3) provide covenant enforcement and architectural review services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly

These notes are an integral part of the accompanying financial statements.

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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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 general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank

These notes are an integral part of the accompanying financial statements.

account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. In 2020, the District's share of Specific ownership taxes was equal to approximately 7.3% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Facility Fees

On September 14, 2006, the District adopted a resolution, pursuant to 32-1-1001(1)(j)(I) CRS, imposing Facilities Fees upon all real property within the District (Facility Fee Resolution). Specifically, a one-time Facility Fee is payable to the District by the owner of each platted lot that is developed within the District. The Facility Fee imposed on each lot is secured by a perpetual lien. On August 25, 2011, the District amended the Facility Fee Resolution. Per the Amended Facility Fee Resolution, the Facility Fee is \$1,000 per single-family home lot, \$900 per multi-family home lot and \$1.25 per square foot for non-residential construction. The Facility Fee is payable to the District upon issuance of a building permit by the City.

The District is currently platted for 332 single family home lots (resulting in \$332,000 in Facility Fee revenue), 102 multi-family lots (resulting in \$91,800 in Facility Fee revenue) and 130,920 sqft of commercial building space (resulting in \$163,650 in Facility Fee revenue).

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, against homeowners whom the District deems to be in violation of the restrictive covenants provided in the Amended and

These notes are an integral part of the accompanying financial statements.

Restated Master Declaration of Covenants, Conditions and Restrictions for Amber Creek filed with the Adams County Clerk & Recorder's Office on April 27, 2016 at reception number 2016000032086 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(l) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective property owners. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(l) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

The District allocates indirect collection costs between its general fund (50% cost allocation) and its debt fund (50% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2020 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Equity

Net Position

These notes are an integral part of the accompanying financial statements.

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- **Committed fund balance** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments – unrestricted	\$ 396,220
Cash and investments – restricted	5,678,682
Total cash and investments	\$ 6,074,902

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 165,529
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These notes are an integral part of the accompanying financial statements.

Investments	5,909,373
Total cash and investments	\$ 6,074,902

Deposits with Financial Institutions

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 regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had a bank balance of \$166,960 and a carrying balance of \$165,529.

Investments

The District has not adopted a formal investment policy. However, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse purchase agreements collateralized by certain authorized securities
- Certain money market funds

These notes are an integral part of the accompanying financial statements.

- Guaranteed investment contracts
- Local government investment pools

These notes are an integral part of the accompanying financial statements.

As of December 31, 2020, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 362,180
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	5,547,193
		\$ 5,909,373

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. No limitations exist on the District's ability to withdraw funds invested in CSAFE. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

These notes are an integral part of the accompanying financial statements.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2020, follows:

	Balance at Dec. 31, 2019	Additions	Dedications	Balance at Dec. 31, 2020	Accumulated Depreciation
Capital assets not being depreciated					
Land	\$ 15,200	\$ -	\$ -	\$ 15,200	
Construction in process	-	-	-	-	
Total capital assets not being depreciated	15,200	-	-	15,200	
Capital assets subject to depreciation					
Perimeter fencing	510,000	-	-	510,000	(\$ 51,000)
Landscaping in public open spaces	394,200	17,835	-	412,035	(39,420)
Retaining walls	120,000	-	-	120,000	(6,000)
Total capital assets subject to depreciation	1,024,200	-	-	1,042,035	(96,420)
Governmental activities – Capital assets, net	\$ 1,039,400	\$ 17,835	\$ -	\$ 1,057,235	(\$ 96,420)

As of December 31, 2020, the District owns and maintains approximately 15.2 acres of public open spaces located across fourteen land tracts within the Amber Creek subdivision. The District has recorded the public land at a nominal value of \$15,200.

Capital assets subject to depreciation consists of the following types of public infrastructure: (1) landscaping installed in various public open spaces throughout the subdivision, (2) storm water detention ponds and (3) retaining walls on the west side of East 136th Place.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2020:

	Balance at Dec. 31, 2019	Additions	Retirements	Balance at Dec. 31, 2020	Due within one year
Series 2017A G.O. Bonds	\$ 15,090,000	\$ -	(\$ 1,168,000)	\$ 13,922,000	\$ 30,000
Accrued Interest – Series 2017A G.O. Bonds	63,693	761,688	(766,381)	59,000	-
Series 2017B G.O. Bonds	2,060,000	-	(156,000)	1,904,000	-
Accrued Interest – Series 2017B G.O. Bonds	354,842	187,150	(26,875)	515,117	-
Series 2017C Junior Lien Bonds	1,752,000	-	-	1,752,000	-
Accrued Interest – Series 2017C Junior Lien Bonds	420,555	230,835	-	651,390	-
Total	\$ 19,741,090	\$1,179,673	(\$2,117,256)	\$ 18,803,507	\$ 30,000

Details regarding the District's long-term obligations are as follows:

These notes are an integral part of the accompanying financial statements.

Series 2017A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On October 31, 2017, the District issued \$15,090,000 Limited Tax (Convertible to Unlimited Tax) G.O. Refunding and Improvement Bonds, Series 2017A in the amount of \$15,090,000. The Senior Bonds were issued as two term bonds that bear interest at 5.000% and 5.125%, and are payable semi-annually on June 1 and December 1, beginning on December 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Senior Bonds mature on December 1, 2047. In the event any amounts due and owing on the Senior Bonds remain outstanding on December 1, 2057, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 15,090,000
Less:	
Capitalized interest costs	(1,407,161)
Fund the Senior Reserve Fund	(1,193,869)
Underwriter's discount	(301,800)
Legal, accounting and other costs of issuance	(275,251)
Retiring debt obligation and accrued interest under the 2010 Prior Amber Development Obligation	(748,739)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 11,163,180

Of the \$11,163,180 in available net proceeds from the Senior Bonds, \$4,425,000 was restricted and the remainder was unrestricted. Per the Senior Indenture of Trust Agreement, the restricted bond proceeds will become unrestricted and available to the District if a building certificate is issued by the City no later than October 15, 2020 for the development of the commercial lot within the District. The amount of restricted funds to be released to the District is calculated based on a formula that assigns an amount per square foot for each type of development to occur within the commercial lot. The total size of the commercial lot is 814,344 square feet. Per the Indenture of Trust, any funds not released to the District by October 15, 2020 will be used to redeem the Senior Bonds on December 01, 2020.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- all Senior PILOT Revenues (if any);
- all Capital Fees; and
- any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Amounts on deposit in the Senior Reserve Fund and, prior to the Conversion Date, amounts on deposit in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$1,509,000. The Senior Reserve Fund was funded with bond proceeds in the amount of \$1,193,869.

These notes are an integral part of the accompanying financial statements.

PILOT Revenue is derived from a covenant recorded against property that is exempt from ad valorem property taxation, such covenant imposing a payment in lieu of taxes against any portion of the property, and such covenant satisfies other certain conditions provided in the bond offering document. The District does not anticipate the City of Thornton exempting from ad valorem property taxation any property within the District.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount. Pursuant to the Senior Indenture, the Senior Surplus Fund will be terminated upon the Conversion Date, if it occurs, and any moneys therein applied to any legal purpose of the District. Under the Subordinate Indenture, any amounts in the Senior Surplus Fund upon termination of such fund are pledged to the payment of the Subordinate Bonds. It is assumed that the Senior Surplus Fund will be drawn upon to meet annual debt service requirements of the Senior Bonds in 2020. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 1, 2022, to November 30, 2023	3.0%	\$ 446,700
December 1, 2023, to November 30, 2024	2.0%	\$ 294,100
December 1, 2024, to November 30, 2025	1.0%	\$ 144,900
December 1, 2025, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 30,000	\$ 707,981	\$ 737,981
2022	170,000	706,481	876,481
2023	185,000	697,981	882,981
2024	215,000	688,731	903,731
2025	225,000	677,981	902,981
2026 to 2030	1,485,000	3,197,156	4,682,156
2031 to 2035	2,107,000	2,761,156	4,868,156
2036 to 2040	3,510,000	2,099,456	5,609,456
2041 to 2045	5,995,000	1,074,456	7,069,456
Total	\$ 13,922,000	\$ 12,611,381	\$ 26,533,381

The District's detail debt service schedule for its Senior Bonds is provided on page 30.

Series 2017B Subordinate Limited Tax G.O. Bonds (Subordinate Bonds)

On October 31, 2017, the District issued \$2,060,000 Subordinate Limited Tax G.O. Bonds, Series 2017B in the amount of \$2,060,000. The Subordinate Bonds were issued at the rate of 7.75% per annum and are payable annually on December 15, beginning December 15, 2017, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the

These notes are an integral part of the accompanying financial statements.

Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 15, 2057, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the Subordinate Bonds were used as follows:

Bond proceeds	\$ 2,060,000
Less:	
Underwriter's discount	(61,800)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 1,998,200

Of the \$1,998,200 in available net proceeds from the Subordinate Bonds, \$661,000 was restricted and the remainder was unrestricted. Per the Subordinate Indenture of Trust Agreement, the restricted bond proceeds will become unrestricted and available to the District if a building certificate is issued by the City no later than October 15, 2020 for the development of the commercial lot within the District. The amount of restricted funds to be released to the District is calculated based on a formula that assigns an amount per square foot for each type of development to occur within the commercial lot. The total size of the commercial lot is 814,344 square feet. Per the Subordinate Indenture of Trust, any funds not released to the District by October 15, 2020 will be used to redeem the Subordinate Bonds on December 01, 2020.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) all Subordinate PILOT Revenues (if any);
- e) any amounts in the Senior Surplus Fund upon the termination of such fund pursuant to the terms of the Senior Indenture; and
- f) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Under the Subordinate Indenture, any amounts in the Senior Surplus Fund (which is funded up to the Maximum Amount) upon termination of such fund are pledged to the payment of the Subordinate Bonds.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2022, to December 14, 2023	3.0%	\$ 61,800
December 15, 2023, to December 14, 2024	2.0%	\$ 41,200
December 15, 2024, to December 14, 2025	1.0%	\$ 20,600
December 15, 2025, and thereafter	0.0%	\$ -

These notes are an integral part of the accompanying financial statements.

Series 2017C Junior Lien Limited Tax G.O. Bonds (Junior Lien Bonds)

On October 31, 2017, the District issued \$1,752,000 Junior Lien Limited Tax G.O. Bonds, Series 2017C in the amount of \$1,752,000. The Junior Lien Bonds were issued at the rate of 10.625% per annum and are payable annually on December 15, beginning December 15, 2017, from, and to the extent of, Junior Lien Pledged Revenue available, if any, and mature on December 15, 2057.

The Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Junior Lien Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the Junior Lien Bonds until the Subordinate Bonds, and to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations, have been paid in full or defeased.

The Junior Lien Bonds are secured by and payable from Junior Lien Pledged Revenue, net of any costs of collection, which includes:

- a) all Junior Lien Property Taxes (generated by the imposition of the Junior Lien Required Mill Levy);
- b) all Junior Lien Specific Ownership Taxes (attributable to the Junior Lien Required Mill Levy);
- c) all Junior Lien Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds and the Subordinate Bonds);
- d) all Junior Lien PILOT Revenues (if any); and
- e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Per section 4.05(f) of the Junior Lien Indenture of Trust, if the Junior Lien Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Junior Lien Bonds when due, the District has irrevocably covenanted to use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall. In the event any amount of principal or interest on the Junior Lien Bonds remains unpaid on December 15, 2057 after application of (1) all Junior Lien Pledged Revenue and (2) proceeds from refinancing, refunding or restructuring the Junior Lien Bonds, the Junior Lien Bonds will be discharged and the bondholders will have no recourse against the District.

Per the 2017 Financial Forecast included with the Junior Lien Bond Offering document, the Junior Lien Bonds were projected to be repaid in full by 2051. Interest payments per the 2017 Financial Forecast totaled \$24,026,853, which equates to an annual net effective interest rate of 39.4%.

Debt Authorization

Debt Authorization – Service Plan

The District's Third Amended and Restated Service Plan, which was approved by the City of Thornton on August 22, 2017, authorizes the District to issue up to \$20 million in debt over a term not to exceed 40 years. The repayment of the District's debt can exceed 40 years if the majority of the District's Board are residents of the District and the District's Board has voted in favor of refunding a part or all of the District's debt (which must result in a net present value savings).

These notes are an integral part of the accompanying financial statements.

The District's Third Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2005. As of January 1, 2005, the ratio was 7.96%. The ratio for 2020 was 7.15%, which caused the District's Maximum Mill Levy for debt service for 2020 to be 55.664.

As of December 31, 2020, total remaining debt issuance authorization under the District's Third Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 20,000,000
Less:	
2010 Reimbursement Agreement w. Prior Developer	(500,000)
2017A Senior Bonds	(15,090,000)
2017B Subordinate Bonds	(2,060,000)
2017C Junior Lien Bonds	(1,752,000)
Unused, authorized debt issuance as of Dec. 31, 2020	\$ 598,000

Debt Authorization – TABOR

On November 1, 2005, the District's authorized the issuance of indebtedness in an amount not to exceed \$8,000,000 for infrastructure improvements and operations at an interest rate not to exceed 18% and \$8,000,000 for refunding the District's debt. On November 5, 2013, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$33,825,000 for infrastructure improvements and operations at an interest rate not to exceed 18% and \$33,825,000 for refunding the District's debt.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2005 Election	Authorized Nov. 2013 Election	Total Voter- Authorized Debt
Street improvements	\$ 4,620,000	\$ 12,100,000	\$ 16,720,000
Park and recreational facilities	2,079,000	6,650,000	8,729,000
Sanitary supply	-	6,675,000	6,675,000
Water supply	1,001,000	5,650,000	6,651,000
Public transportation system	-	1,000,000	1,000,000
Intergovernmental agreements	-	1,000,000	1,000,000
Operations and maintenance	300,000	500,000	800,000
Traffic and safety controls	-	100,000	100,000
Television relay and translation system	-	100,000	100,000
Mosquito control		50,000	50,000
Subtotal	8,000,000	33,825,000	41,825,000
Refunding of debt	8,000,000	33,825,000	41,825,000
Total	\$ 16,000,000	\$ 67,650,000	\$ 83,650,000

These notes are an integral part of the accompanying financial statements.

	2010 Prior Developer Obligation	Series 2017 Bonds	Authorization Remaining at Dec. 31, 2020
Street improvements	\$ 487,968	\$ 10,766,579	\$ 5,465,453
Park and recreational facilities	9,785	4,617,759	4,101,456
Sanitary supply	-	1,559,415	5,115,585
Water supply	2,247	1,912,882	4,735,871
Public transportation system	-		1,000,000
Intergovernmental agreements	-		1,000,000
Operations and maintenance	-		800,000
Traffic and safety controls	-	45,365	54,635
Television relay and translation system	-		100,000
Mosquito control	-		50,000
Subtotal	500,000	18,902,000	22,423,000
Refunding of debt	-	-	41,825,000
Total	\$ 500,000	\$ 18,902,000	\$ 83,650,000

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District’s electors will expire as follows:

- \$300,000 will expire in November 2025 - 20 years after the original debt authorization election.
- \$22,123,000 will expire in November 2033 - 20 years after the original debt authorization election.

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into five contingent obligation agreements with the Developers (as defined in Note 9) and Amber Development, Inc (“Prior Developer”). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2020:

Lennar Acquisition Agreement. On April 15, 2014, the District and Lennar Colorado LLC (“Lennar”) entered into a Facilities Acquisition Agreement, as amended by the First Amendment to Lennar Facilities Acquisition Agreement dated as of September 29, 2017 (as amended, the Lennar FAA), in which Lennar agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to fund such improvements constructed by Lennar subject to written certification by an independent engineer that such costs incurred by Lennar are reasonable and comparable to the costs of similar public improvements constructed in the Denver Metropolitan Area (Certified Construction Costs).

The maximum contingent obligation under the Lennar FAA is equal to the lesser of (a) \$7,750,000 of Lennar’s Certified Construction Costs plus Lennar’s Certified Construction Costs related to the construction of the North Side 136th Improvements, or (b) the amount of Lennar’s Certified Construction Costs which when combined with all other outstanding multiple-fiscal year debt obligations of the District does not exceed the service plan or electoral debt authority of the District, together with interest thereon. Simple interest accrues on contingent obligations due to Lennar under the Lennar FAA, until paid, at the rate of seven percent (7%) per annum, except for Lennar’s Certified

These notes are an integral part of the accompanying financial statements.

Construction Costs related to the construction of 136th Avenue, which shall accrue interest at the rate of (10%) per annum.

Amounts paid by the District to Lennar under the Lennar FAA are as follows:

Funding provided to Lennar – October 04, 2017	\$ 3,598,432
Funding provided to Lennar – April 23, 2018	10,974,275
Total funding provided to Lennar	14,572,707
Public infrastructure eligible for funding – excluding 136 th & PU improvements	7,750,000
Public infrastructure eligible for funding –136 th Ave improvements	343,349
Public infrastructure eligible for funding	8,093,349
Total District payments to Lennar under the Lennar FAA through Dec. 31, 2020	\$ 9,373,246
Total overpayments to Lennar – as of December 31, 2020	(\$ 1,279,897)

In the event the District has not paid Lennar any portion of the contingent obligations created by the Lennar FAA by December 31, 2044, whether invoiced or not invoiced by Lennar by such date, any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Stratus Acquisition Agreement. Pursuant to the Subordinate Facilities Acquisition Agreement entered into on April 15, 2014 (the Stratus FAA) between the District and Stratus Amber Creek LLC (“Stratus”), Stratus agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to fund such construction costs incurred by Stratus and, subject to written certification by an independent engineer that such costs are reasonable and comparable to the costs of similar public improvements constructed in the Denver Metropolitan Area, to pay Stratus for the costs of such improvements (Stratus’ Certified Construction Costs) subject to annual appropriation by the District in its absolute discretion.

The District’s contingent obligations under the Stratus FAA are subordinate to contingent obligations created by the Lennar FAA. In the event that the District has not paid Stratus for any portion of the contingent obligations created by Stratus by December 31, 2044, whether invoiced or not invoiced by Stratus by such date, any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Through December 31, 2020, the District has paid Stratus \$372,332 under the Stratus FAA. As of December 31, 2020, costs eligible for reimbursement to Stratus under the Stratus FAA total \$0. Future public infrastructure costs that may be eligible for reimbursement to Stratus under the Stratus FAA include public utility lines, sidewalks and other public assets servicing the multi-family and commercial lots within the District.

Capital Reimbursement and Facility Fee Credit Agreement (CRFF Agreement). On April 15, 2014, the District entered into a contingent obligation agreement with Lennar and Stratus to reimburse Lennar and Stratus for (1) certain capital-related consulting costs totaling \$53,270 plus simple interest accruing at 7% per annum, (2) organizational costs totaling \$59,106 plus simple interest accruing at 7% per annum and (3) public improvement costs totaling \$597,518. Repayment of the \$597,518 contingent obligation is further restricted to funding from facility fee revenue collected by the District.

Since the first home was constructed and sold within the District in October 2015, the District has collected \$332,000 in facility fees from sales of new single-family homes through December 31, 2020.

These notes are an integral part of the accompanying financial statements.

In the event the District has not paid Lennar and Stratus any portion of the contingent obligations created by the CRFF Agreement by December 31, 2044, any such outstanding contingent obligations created under this agreement on such date shall be deemed to be forever discharged and satisfied in full.

	<u>Lennar</u>	<u>Stratus</u>	<u>Total</u>
Developers Advances – Capital Costs			
Beginning Balance (Jan. 01, 2020)	\$ 130,160	\$ 260,358	\$ 390,518
Additional advances	-	-	-
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 130,160	\$ 260,358	\$ 390,518

Operation Reimbursement Agreements. On April 15, 2014, Stratus, the District, and Lennar entered into an Operation Reimbursement Agreement (the Operation Reimbursement Agreement) pursuant to which the District acknowledged the advancement of funds from Lennar and Stratus to the District totaling \$133,720 to offset shortfalls of the District’s operating revenues. The District agreed to repay Stratus and Lennar for such amounts, subject to annual appropriation by the District in its absolute discretion. The contingent obligation bears simple interest at 7% per annum. In the event that all or any portion of advances remain outstanding as of December 31, 2044, such amounts shall be deemed forever discharged and satisfied in full.

On September 30, 2015, the District entered into an Operation Funding and Reimbursement Agreement (Funding Agreement) with Lennar and Stratus which requires Lennar and Stratus to fund any shortfalls in the District’s operating revenues that would prevent the District from funding its operating and maintenance costs. Lennar’s and Stratus’ funding commitment under this Funding Agreement expires on March 15, 2020. The District agreed to repay Stratus and Lennar for amounts advanced under this Funding Agreement, subject to annual appropriation by the District in its absolute discretion. The contingent obligation bears simple interest at 7% per annum. In the event that all or any portion of advances remain outstanding as of December 31, 2034, such amounts shall be deemed forever discharged and satisfied in full.

For the 12-month period ended December 31, 2020, District payments made, advances received and interest accrued under the Operation Reimbursement Agreement and the Funding Agreement is as follows:

	<u>Lennar</u>	<u>Stratus</u>	<u>Total</u>
Developers Advances – Operations			
Beginning Balance (Jan. 01, 2020)	\$ 108,304	\$ 211,920	\$ 320,224
Additional advances	-	-	-
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 108,304	\$ 211,920	\$ 320,224
Accrued Interest on Developers Advances – Operations			
Beginning Balance (Jan. 01, 2020)	\$ 38,944	\$ 77,568	\$ 116,512
Accrued interest	7,472	14,944	22,416
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 46,416	\$ 92,512	\$ 138,928

These notes are an integral part of the accompanying financial statements.

NOTE 7 – NET POSITION (DEFICIT)

Correction of Error

In prior years, the District incorrectly accounted for payments to the Developers under the Lennar FAA and Stratus FAA (See Note 6 for a description of these agreements). When the District was under Developer control, the District and the Developers entered into agreements under the Lennar FAA and Stratus FAA where the Developers agreed to sell “in-process” public infrastructure constructed by the Developers to the District. However, the purchase agreements also acknowledge the Developers will convey such public infrastructure in its completed state to the City in compliance with the Developer Agreement with the City. Because the Developers retained the right to convey the “sold” public infrastructure to the City and the Developers (not the District) were obligated to warranty the public infrastructure to the City, such public infrastructure did not meet the criteria of an asset held by the District.

The effect of this treatment on the District’s net position as follows:

Net deficit - December 31, 2019, as originally stated	(\$ 9,371,908)
Elimination of construction in progress assets not owned by the District	(1,804,820)
Net deficit - December 31, 2019, as restated	<u>(\$ 11,176,728)</u>

Restricted Net Position

The District’s restricted net position as of December 31, 2020 in the general fund, debt service fund and capital projects fund totaled \$6,500, \$1,550,095 and \$4,125,230, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Non-Spendable Net Position

The District’s non-spendable net position as of December 31, 2020 in the general fund, debt service fund and capital project fund totaled \$11,889, \$0, and \$0, respectively.

Unassigned Net Position

The District's unassigned net position as of December 31, 2020 totaled (\$17,456,646). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Thornton and the District.

NOTE 8 – INTERFUND TRANSFERS RELEASE OF RESTRICTED BOND PROCEEDS

On October 31, 2017, the District issued Senior and Subordinate bonds. A portion of the net proceeds from each bond was restricted and unavailable until a building certificate is issued by the City no later than October 15, 2020 for the development of the commercial lot within the District. The amount of restricted funds from the issuance Senior and Subordinate bonds was \$4,425,000 and \$661,000, respectively.

These notes are an integral part of the accompanying financial statements.

On October 13, 2020, the City issued a conditional building permit authorizing the construction of a grocery store, gas station and 7,198 square feet of retail space on the commercial lot. Consequently, restricted funds in the Senior account totaling \$3,474,095 and restricted funds in the Subordinate account totaling \$510,316 became available to the District as of October 14, 2020.

In November 2020,

- the Bond Trustee transferred all remaining funds in the Senior restricted account (totaling \$1,225,292) from the District's Capital Project Fund to the District's Debt Service Fund and retired \$1,168,000 in Senior Bonds in compliance with the Senior Indenture of Trust Agreement; and
- The Bond Trustee transferred all remaining funds in the Subordinate restricted account (totaling \$163,652) from the District's Capital Project Fund to the District's Debt Service Fund and retired \$156,000 in Subordinate Bonds in compliance with the Subordinate Indenture of Trust Agreement.

NOTE 9 – RELATED PARTIES

Commercial property within the District is being developed by Stratus Amber Creek LLC ("Stratus") and residential property within the District is being developed by Lennar Colorado LLC ("Lennar") (collectively, "Developers").

For the 12-month period ended December 31, 2020, five directors serving on the District's board reported no conflicts of interest arising from their participation on the District's board. One director serving on the District's board through May 05, 2020 was a majority owner of Stratus and had conflicts of interest with transactions occurring between Lennar/Stratus and the District.

Lennar is the owner of the District's Junior Lien Bonds, which carries a projected net effective interest rate of 39.6% per annum (see Note 5).

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

These notes are an integral part of the accompanying financial statements.

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution—referred to as the Taxpayer's Bill of Rights (TABOR)—contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

On November 5, 2013, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

NOTE 12 – SUBSEQUENT EVENTS

On March 29, 2021, Lennar Colorado, LLC and Stratus Amber Creek, LLC filed a complaint in Adams County District Court demanding the District (1) remit to Stratus and Lennar under the CRFF Agreement all facility fees collected by the District, (2) pay \$2,491,480 plus accrued interest at 7% per annum to Lennar under the Lennar FAA for costs Lennar claims it incurred related to widening 136th Avenue, (3) pay \$1,492,932 plus accrued interest at 7% per annum to Stratus under the Stratus FAA for public infrastructure construction costs Stratus claims it incurred.

On April 30, 2021, the District filed a motion to dismiss Lennar and Stratus' complaint and also filed a cross complaint against Lennar, Stratus and eight former directors that served on the District's board and were employees/owners of either Lennar or Stratus. The cross complaint alleges the eight directors violated their fiduciary responsibilities to the taxpayers and alleges Lennar, Stratus and the eight former directors violated certain criminal statutes that allow the District to sue for relief under the Colorado Organized Crime Control Act.

These notes are an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

AMBER CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Property taxes	\$ 577,200	\$ 577,200	\$ 582,750	\$ 5,550
Specific ownership taxes	39,600	39,600	42,342	2,742
Net investment income	44,200	44,200	28,877	(15,323)
Total revenues	<u>661,000</u>	<u>661,000</u>	<u>653,969</u>	<u>(7,031)</u>
EXPENDITURES				
Direct and indirect collection costs	18,619	50,000	49,907	93
Accounting and legal fees	100,000	24,044	23,488	556
Debt service				
Series 2017A Bonds - principal payments	-	1,168,000	1,168,000	-
Series 2017B Bonds - principal payments	-	156,000	156,000	-
Series 2017A Bonds - interest payments	766,381	766,381	766,381	-
Series 2017B Bonds - interest payments	-	26,875	26,875	-
Total expenditures	<u>885,000</u>	<u>2,191,300</u>	<u>2,190,651</u>	<u>649</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(224,000)</u>	<u>(1,530,300)</u>	<u>(1,536,682)</u>	<u>(6,382)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	1,388,944	1,388,944	-
Total other financing sources (uses)	<u>-</u>	<u>1,388,944</u>	<u>1,388,944</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(224,000)</u>	<u>(141,356)</u>	<u>(147,738)</u>	<u>(6,382)</u>
FUND BALANCE – BEGINNING OF YEAR	<u>1,711,000</u>	<u>1,711,000</u>	<u>1,697,833</u>	<u>(13,167)</u>
FUND BALANCE – END OF YEAR	<u>\$1,487,000</u>	<u>\$1,569,644</u>	<u>\$1,550,095</u>	<u>(\$ 19,549)</u>

AMBER CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Net investment income	\$ 80,000	\$ 80,000	\$ 17,481	(\$ 62,519)
Facility fees	10,000	10,000	9,000	(1,000)
Other	-	-		
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>26,481</u>	<u>(63,519)</u>
EXPENDITURES				
General and administration	10,000	10,000	-	10,000
Capital projects	-	-	-	-
Major capital projects	-	-	-	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>80,000</u>	<u>80,000</u>	<u>26,481</u>	<u>(53,519)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(1,388,944)	(1,388,944)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,388,944)</u>	<u>(1,388,944)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	80,000	(1,308,944)	(1,362,463)	(53,519)
FUND BALANCE – BEGINNING OF YEAR	<u>5,507,000</u>	<u>5,507,000</u>	<u>5,487,693</u>	<u>(19,307)</u>
FUND BALANCE – END OF YEAR	<u>\$ 5,587,000</u>	<u>\$4,198,056</u>	<u>\$4,125,230</u>	<u>(\$ 72,826)</u>

AMBER CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2020

The District's repayment schedule for its Series 2017A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2021	\$ 30,000	\$ 707,981	5.00% – 5.125%	\$ 737,981
2022	170,000	706,481	5.00% – 5.125%	876,481
2023	185,000	697,981	5.00% – 5.125%	882,981
2024	215,000	688,731	5.00% – 5.125%	903,731
2025	225,000	677,981	5.00% – 5.125%	902,981
2026	255,000	666,731	5.00% – 5.125%	921,731
2027	265,000	653,981	5.00% – 5.125%	918,981
2028	300,000	640,731	5.00% – 5.125%	940,731
2029	315,000	625,731	5.00% – 5.125%	940,731
2030	350,000	609,981	5.00% – 5.125%	959,981
2031	370,000	592,481	5.00% – 5.125%	962,481
2032	405,000	573,981	5.00% – 5.125%	978,981
2033	430,000	553,731	5.00% – 5.125%	983,731
2034	470,000	532,231	5.00% – 5.125%	1,002,231
2035	432,000	508,731	5.00% – 5.125%	940,731
2036	615,000	487,131	5.00% – 5.125%	1,102,131
2037	650,000	455,613	5.00% – 5.125%	1,105,613
2038	705,000	422,300	5.125%	1,127,300
2039	740,000	386,169	5.125%	1,126,169
2040	800,000	348,244	5.125%	1,148,244
2041	840,000	307,244	5.125%	1,147,244
2042	905,000	264,194	5.125%	1,169,194
2043	955,000	217,813	5.125%	1,172,813
2044	1,025,000	168,869	5.125%	1,193,869
2045	2,270,000	116,338	5.125%	2,386,338
	<u>\$13,922,000</u>	<u>\$12,611,381</u>		<u>\$ 26,533,381</u>

The original face value of these bonds totaled \$15,090,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st. Beginning December 1, 2022, the District may redeem the Series 2017A outstanding bond balance at any time subject to a redemption premium payable the bond holders that is equal to between 1% and 3% of the redeemed principal. Beginning December 1, 2025, the District may redeem the Series 2017A outstanding bond balance at any time without paying any redemption premium to the bond holders.

No debt-to-maturity schedule is provided for the Series 2017B Subordinate Bonds and the Series 2017C Junior Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

AMBER CREEK METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2015	\$ 4,760	55.625	4.375	\$ 287	\$ 267	93.03%
2016	587,100	55.625	4.375	35,226	32,657	92.71%
2017	937,220	55.625	4.375	56,234	52,134	92.71%
2018	4,450,140	18.401	53.606	320,441	320,511	100.02%
2019	7,312,240	18.401	53.606	526,533	526,538	100.00%
2020	10,335,050	20.222	55.849	786,200	793,754	101.00%
2021	12,146,000	17.208	55.664	885,100	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

AMBER CREEK METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2020

	2020 Mill Levy **	2021 Mill Levy *	Change
Amber Creek Metropolitan District	76.071	72.872	(3.199)
Brighton School District No. 27J	48.810	48.745	(0.065)
Adams County	26.917	26.897	(0.020)
City of Thornton	10.210	10.210	-
Rangeview Library District	3.677	3.670	(0.007)
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.097	0.100	.003
Total Mill Levy	166.682	163.394	(3.288)

* -- For property tax collections in 2021

** -- For property tax collections in 2020

AMBER CREEK METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2020

	2017	2018	2019	2020	2021
General Obligation Bonds	\$18,902,000	\$ 18,902,000	\$ 18,902,000	\$ 18,902,000	\$ 17,578,000
Accrued, unpaid interest - Bonds	\$ 57,633	\$ 408,964	\$ 472,657	\$ 839,090	\$ 1,225,506
Other TABOR debt	\$ -	\$ -	\$ -	\$ -	\$ -
Combined assessed property values within the District	\$ 937,220	\$ 4,450,140	\$ 7,312,240	\$10,335,050	\$12,146,000
Ratio of debt to assessed property values	2,023%	434%	265%	191%	155%