

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
Elbert County, Colorado

FINANCIAL STATEMENTS
December 31, 2020

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Independent Auditor's Report

Board of Directors
Elkhorn Ranch Metropolitan District No. 1
Elbert County, Colorado

Report for the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Elkhorn Ranch Metropolitan District No. 1 (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 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 Elkhorn Ranch Metropolitan District No. 1 District, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted 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 on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 28, 2021

BASIC FINANCIAL STATEMENTS

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 457,285
Cash and investments - restricted	68,892
Receivable from county treasurer	11,905
Property taxes receivable	824,955
Prepaid expenditures	495
Capital assets not being depreciated	240,000
Capital assets being depreciated, net	5,440
Total assets	<u>1,608,972</u>
LIABILITIES	
Accounts payable	6,534
Accrued interest payable	145,994
Loan payable:	
Due within one year	279,414
Due in more than one year	7,772,352
Notes payable:	
Due in more than one year	606,220
Total liabilities	<u>8,810,514</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	824,955
Total deferred inflows of resources	<u>824,955</u>
NET POSITION	
Net investment in capital assets:	(36,341)
Restricted for:	
Emergency reserves	8,200
Road improvements	74,286
Unrestricted	(8,072,642)
Total net position	<u><u>\$ (8,026,497)</u></u>

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

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Change in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Grants and</u> <u>Contributions</u>	<u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 77,111	\$ -	\$ -	\$ -	\$ (77,111)
Interest and other costs on long-term debt	<u>389,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(389,076)</u>
	<u>\$ 466,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(466,187)</u>
General revenues:					
Property taxes					804,216
Specific ownership taxes					148,697
Interest					3,277
Total general revenues					<u>956,190</u>
Change in net position					490,003
Net position - beginning					<u>(8,516,500)</u>
Net position - ending					<u>\$ (8,026,497)</u>

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

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 369,383	\$ 13,616	\$ 74,286	\$ 457,285
Cash and investments - restricted	-	68,892	-	68,892
Receivable from county treasurer	3,356	8,549	-	11,905
Property taxes receivable	232,551	592,404	-	824,955
Prepaid expenditures	495	-	-	495
Total assets	\$ 605,785	\$ 683,461	\$ 74,286	\$ 1,363,532
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,534	\$ -	\$ -	\$ 6,534
Total liabilities	6,534	-	-	6,534
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	232,551	592,404	-	824,955
Total deferred inflows of resources	232,551	592,404	-	824,955
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	495	-	-	495
Spendable:				
Restricted for:				
Emergency reserves	8,200	-	-	8,200
Debt service	-	91,057	-	91,057
Road improvements	-	-	74,286	74,286
Unrestricted:				
Assigned for future year spending	193,243	-	-	193,243
Unassigned	164,762	-	-	164,762
Total fund balances	366,700	91,057	74,286	532,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
	\$ 605,785	\$ 683,461	\$ 74,286	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	245,440
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:	
Loan payable	(8,051,766)
Notes payable	(606,220)
Interest on loan and notes payable	(145,994)
Net position of governmental activities	\$ (8,026,497)

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

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 226,705	\$ 577,511	\$ -	\$ 804,216
Specific ownership taxes	41,645	107,052	-	148,697
Interest	1,776	1,501	-	3,277
Total revenues	<u>270,126</u>	<u>686,064</u>	<u>-</u>	<u>956,190</u>
EXPENDITURES				
<u>General</u>				
County treasurer fees	6,772	17,250	-	24,022
Directors' fees	1,385	-	-	1,385
District management and accounting	27,019	-	-	27,019
Audit	4,600	-	-	4,600
Insurance and bonds	3,105	-	-	3,105
Legal	11,743	-	-	11,743
Repairs and maintenance	3,547	-	-	3,547
Miscellaneous	601	-	-	601
<u>Debt service</u>				
Loan principal - Series 2018	-	273,948	-	273,948
Loan interest - Series 2018	-	332,196	-	332,196
Paying agent fees	-	3,000	-	3,000
Total expenditures	<u>58,772</u>	<u>626,394</u>	<u>-</u>	<u>685,166</u>
NET CHANGE IN FUND BALANCE	211,354	59,670	-	271,024
FUND BALANCE - BEGINNING OF YEAR	<u>155,346</u>	<u>31,387</u>	<u>74,286</u>	<u>261,019</u>
FUND BALANCE - END OF YEAR	<u>\$ 366,700</u>	<u>\$ 91,057</u>	<u>\$ 74,286</u>	<u>\$ 532,043</u>

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

**ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

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

Net change in fund balances - total governmental funds	\$	271,024
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Loan principal payment		273,948
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Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Depreciation	(1,089)		
Net change in accrued interest on loans and notes	(53,880)		(54,969)

Change in net position of governmental activities	\$	490,003
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These financial statements should be read only in connection with the accompanying notes to financial statements.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2020

	<u>Budget Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
REVENUES			
Property taxes	\$ 228,645	\$ 226,705	\$ (1,940)
Specific ownership taxes	34,297	41,645	7,348
Interest	750	1,776	1,026
Total revenues	<u>263,692</u>	<u>270,126</u>	<u>6,434</u>
EXPENDITURES			
County treasurer fees	6,859	6,772	87
Directors' fees	2,000	1,385	615
District management and accounting	23,000	27,019	(4,019)
Audit	4,600	4,600	-
Dues and subscriptions	3,000	-	3,000
Insurance and bonds	3,000	3,105	(105)
Legal	10,000	11,743	(1,743)
Miscellaneous	5,000	601	4,399
Repairs and maintenance	30,000	3,547	26,453
Support services	10,000	-	10,000
Utilities	7,500	-	7,500
Emergency reserve	7,900	-	7,900
Total expenditures	<u>112,859</u>	<u>58,772</u>	<u>54,087</u>
NET CHANGE IN FUND BALANCE	150,833	211,354	60,521
FUND BALANCE - BEGINNING OF YEAR	<u>126,282</u>	<u>155,346</u>	<u>29,064</u>
FUND BALANCE - END OF YEAR	<u>\$ 277,115</u>	<u>\$ 366,700</u>	<u>\$ 89,585</u>

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

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elkhorn Ranch Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on June 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in Elbert County, Colorado (County).

The District was established principally to coordinate the construction, acquisition, financing and maintenance of public improvements, including streets and safety control, landscaping, water, sewer, storm drainage, television relay, and park and recreation improvements and facilities. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the County or its designee for operation and maintenance. Certain landscaping, park and recreation improvements, and street lighting may be maintained by the District or by a homeowners' association.

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

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 organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described 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 except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government 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 and specific ownership taxes, net of collection costs, infrastructure support fees, facility fees and road fees. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the 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.

For the year ended December 31, 2020, supplementary appropriations approved by the District's Board of Directors modified the appropriation from \$625,118 to \$626,618 in the Debt Service Fund.

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 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.

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the 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.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include open space, landscape and parks, are reported in the governmental activities column in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Landscaping improvements	20 years
Park and recreation equipment	20 years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Development Fees

The District imposes certain development impact and facility fees on property within the District. The facility fee and infrastructure fee for road improvements are required to be paid upon the closing of a sale to a residential end user for a permanent structure on any lot. The infrastructure fee for road improvements is to be used solely for the improvement of certain access roads into the District. The District records revenues for these fees when they are measurable and available.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On February 10, 2011, the District approved the imposition of an infrastructure support fee in an annual amount for each undeveloped lot within the District. The fee is assessed as of the first day of August until a certificate of occupancy is issued for the undeveloped lot. The infrastructure support fee shall be imposed but waived on a dollar-for-dollar basis to the extent that the owner of at least three (3) or more such undeveloped lots provides any developer advances to the District from January 2 of the year immediately preceding the imposition of the infrastructure support fee to January 1 of the year the infrastructure support fee is imposed. On an annual basis, the District reviews the infrastructure support fee and adjusts it accordingly.

As of December 31, 2020, the District imposed the following fees per single-family equivalent:

Facility fee - \$3,500
Infrastructure fee for road improvements - \$2,220
Infrastructure support fee - \$250

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.

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

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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	\$ 457,285
Cash and investments – restricted	<u>68,892</u>
Total cash and investments	<u>\$ 526,177</u>

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

Deposits with financial institutions	\$ 130,415
Investments	<u>395,762</u>
Total cash and investments	<u>\$ 526,177</u>

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2020 the District’s cash deposits had a bank balance of \$132,394 and a book balance of \$130,415.

Investments

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

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

- * Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Certain securities and lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) 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 credit risk for investment 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.

As of December 31, 2020, the District had the following investments:

Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	\$ 395,762
		<u>\$ 395,762</u>

COLOTRUST

During 2020, the District invested in Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust'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 Colotrust. As of December 31, 2020, the District had \$395,762 invested in COLOTRUST PLUS+ in the name of the District. COLOTRUST is rated AAAM by S&P Global Ratings.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools (Colotrust). The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

<u>Governmental Activities</u>	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Capital assets, not being depreciated:				
Open space	\$ 240,000	\$ -	\$ -	\$ 240,000
Total capital assets, not being depreciated	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>240,000</u>
Capital assets being depreciated:				
Landscape and parks	21,766	-	-	21,766
Total capital assets, being depreciated	<u>21,766</u>	<u>-</u>	<u>-</u>	<u>21,766</u>
Less accumulated depreciation for:				
Landscape and parks	(15,237)	(1,089)	-	(16,326)
Total accumulated depreciation	<u>(15,237)</u>	<u>(1,089)</u>	<u>-</u>	<u>(16,326)</u>
Total assets being depreciated, net	<u>6,529</u>	<u>(1,089)</u>	<u>-</u>	<u>5,440</u>
Governmental activities capital assets, net	<u>\$ 246,529</u>	<u>\$ (1,089)</u>	<u>\$ -</u>	<u>\$ 245,440</u>

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense is charged to the general government function/program in the Statement of Activities.

In accordance with the District’s service plan, it is anticipated that, except for certain landscaping, water, park and recreation improvements and street lighting, the District will dedicate the improvements and facilities to the County or its designee. Upon acceptance by the County or its designee for maintenance and ownership, the facilities will be removed from the District’s property records.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Governmental Activities:					
Direct Borrowing Debt:					
G.O. Limited Tax Convertible to					
Unlimited Tax Refunding and					
Improvement Loan, Series 2018					
	\$ 8,325,714	\$ -	\$ 273,948	\$ 8,051,766	\$ 279,414
Direct Placement Debt:					
Refunding and Improvement Taxable					
Subordinate Limited Tax G.O.					
Promissory Note, Series 2018A					
	195,671	-	-	195,671	-
Refunding and Improvement Taxable					
Subordinate Limited Tax G.O.					
Promissory Note, Series 2018B					
	210,549	-	-	210,549	-
Refunding and Improvement Taxable					
Subordinate Limited Tax G.O.					
Promissory Note, Series 2018C					
	200,000	-	-	200,000	-
	<u>\$ 8,931,934</u>	<u>\$ -</u>	<u>\$ 273,948</u>	<u>\$ 8,657,986</u>	<u>\$ 279,414</u>

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the District's long-term obligations is as follows:

Direct Borrowing Debt:

Refunding and Improvement Loan, Series 2018

On June 19, 2018, the District issued a \$8,875,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Loan, Series 2018 (Series 2018 Loan). The Series 2018 Loan matures on June 1, 2028. The interest rate on the Series 2018 Loan is 3.99% per annum. Interest is payable semi-annually on June 1 and December 1 each year, and principal is payable on December 1 each year. The Series 2018 Loan is secured by and payable from pledged revenues, which consist primarily of ad valorem property taxes, facility fees (see Note 2) and specific ownership taxes collected by the county and remitted to the District primarily on motor vehicle licensing. The Series 2018 Loan was acquired for the purpose of providing funds to (i) refund the Series 2005A and Series 2006B bonds, (ii) reimburse a portion of developer advances and accrued interest (iii) and pay costs of issuing the Series 2018 Loan. The Series 2018 Loan may be prepaid at the option of the District, in whole or in part, upon payment of the sum of the principal amount plus accrued interest thereon to the date of prepayment, and a prepayment fee ranging from 0% to 3%.

Significant events of default under the Series 2018 Loan include (i) failure to impose required mill levy, (ii) failure to pay principal and interest when due, (iii) failure to meet financial or custodial agreement covenants, (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the Series 2018 Loan agreement, (v) qualified audit opinion with respect to the District's status as an on-going concern and (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the Series 2018 Loan balance shall bear interest at the default rate of (a) the sum of the fixed rate plus 3.0% for the period commencing on the closing date through and including June 19, 2028 and (b) the then current five year U.S. Treasury bond rate plus 8.0% thereafter, but in no event in excess of the maximum rate of 18.0%.

Additionally, all amounts constituting collateral will be applied to the unpaid principal of the Series 2018 Loan and all interest accrued and unpaid thereon, and all other amounts owing or payable to the lender.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2018 Loan:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 279,414	\$ 321,265	\$ 600,679
2022	284,988	310,117	595,105
2023	290,673	298,746	589,419
2024	296,472	287,148	583,620
2025	302,387	275,319	577,706
2026-2028	6,597,832	633,399	7,231,231
	<u>\$ 8,051,766</u>	<u>\$ 2,125,994</u>	<u>\$ 10,177,760</u>

Direct Placement Debt:

General Obligation Limited Tax Subordinate Promissory Note, Series 2018A

On July 24, 2018, the District issued a \$195,671 Refunding and Improvement Taxable Subordinate Limited Tax General Obligation Promissory Note, Series 2018A (Series 2018A Note). The Series 2018A Note accrues interest at 8% per annum and matures on December 31, 2058. Interest is due on December 20 each year. Interest not paid when due may be added to the unpaid principal balance. The 2018A Note was issued for the purpose of financing the reimbursement of advances made by Red Tierra and unpaid accrued interest on such advances.

The Series 2018A Note is a subordinate obligation of the District secured by and payable from pledged revenues, which consist primarily of ad valorem property taxes, specific ownership taxes collected by the County and any other legally available monies which the District determines, in its absolute discretion, to apply to payment of the principal of, and interest on the note, but only to the extent and after all amounts due or required by the Series 2018 Loan. Since the payment of principal and interest are dependent on pledged revenues and the discretion of the District, no estimated debt service payment schedule has been included.

The Series 2018A Note is issued on a parity basis to the Refunding and Improvement Taxable Subordinate Limited Tax General Obligation Promissory Note, Series 2018B and the obligation to make payment is on a pro rata basis to the Refunding and Improvement Taxable Subordinate Limited Tax General Obligation Promissory Note, Series 2018B.

Significant events of default under the Series 2018A Note include (i) failure to impose required mill levy or failure to apply the proceeds thereof as required by the terms of the Series 2018A Note, (ii) default in the performance of any other of the covenants required under the Series 2018A Note with such default continuing for 60 days after written notice and (iii) filing a petition under federal or other applicable bankruptcy laws seeking to adjust the debt represented by the Series 2018A Note.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Upon the occurrence and continuance of an event of default, the 2018A Note balance shall bear interest at the default rate of 15%. In addition, the owner of the 2018A Note may proceed to protect and enforce the rights of any owner under the 2018A Note for the equal benefit of all owners of the outstanding balance of the 2018A Note.

General Obligation Limited Tax Subordinate Promissory Note, Series 2018B

On July 24, 2018, the District issued a \$210,549 Refunding and Improvement Taxable Subordinate Limited Tax General Obligation Promissory Note, Series 2018B (Series 2018B Note). The Series 2018B Note accrues interest at 8% per annum and matures on December 31, 2058. Interest is due on December 20 each year. Interest not paid when due may be added to the unpaid principal balance. The 2018B Note was issued for the purpose of financing the reimbursement of the 2012B Note, unpaid accrued interest on the 2012B Note, advances made by Elkhorn Land and unpaid accrued interest on such advances.

The Series 2018B Note is a subordinate obligation of the District secured by and payable from pledged revenues, which consist primarily of ad valorem property taxes, specific ownership taxes collected by the County and any other legally available monies which the District determines, in its absolute discretion, to apply to payment of the principal of, and interest on the note, but only to the extent and after all amounts due or required by the Series 2018 Loan.

The Series 2018B Note is issued on a parity basis to Series 2018A Note and the obligation to make payment is on a pro rata basis to the Series 2018A Note. Since the payment of principal and interest are dependent on pledged revenues and the discretion of the District, no estimated debt service payment schedule has been included.

Significant events of default under the Series 2018B Note include (i) failure to impose required mill levy or failure to apply the proceeds thereof as required by the terms of the Series 2018B Note, (ii) default in the performance of any other of the covenants required under the Series 2018B Note with such default continuing for 60 days after written notice and (iii) filing a petition under federal or other applicable bankruptcy laws seeking to adjust the debt represented by the Series 2018B Note.

Upon the occurrence and continuance of an event of default, the 2018B Note balance shall bear interest at the default rate of 15%. In addition, the owner of the 2018B Note may proceed to protect and enforce the rights of any owner under the 2018B Note for the equal benefit of all owners of the outstanding balance of the 2018B Note.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Subordinate Promissory Note, Series 2018C

On November 27, 2018, the District issued a \$200,000 Refunding and Improvement Taxable Subordinate Limited Tax General Obligation Promissory Note, Series 2018C (Series 2018C Note). The Series 2018C Note accrues interest at 8% per annum and matures on December 31, 2058. Interest is due on December 20 each year. The 2018C Note was issued for the purpose of financing advances made to the District. The Series 2018C Note is a subordinate obligation of the District secured by and payable from pledged revenues, which consist primarily of ad valorem property taxes, specific ownership taxes collected by the County and any other legally available monies which the District determines, in its absolute discretion, to apply to payment of the principal of, and interest on the note, but only to the extent and after all amounts due or required by the Series 2018 Loan, Series 2018A Note and Series 2018B Note. Since the payment of principal and interest are dependent on pledged revenues and the discretion of the District, no estimated debt service payment schedule has been included.

Advance and Reimbursement Agreement – U. S. Home Corporation

The District entered into an advance and reimbursement agreement with U. S. Home Corporation (U. S. Home) on August 19, 2003. The agreement stipulates that the District shall reimburse U.S. Home for any advances made to the District, together with interest at the rate of 7.0% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. At December 31, 2020, the District had no outstanding advances under the agreement (see Note 8). Lennar Corporation acquired U.S. Home Corporation in 2000.

Authorized Debt

On May 7, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$30,350,000 at an interest rate not to exceed 18% per annum. As of December 31, 2020, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2020
Street improvements	\$ 8,400,000	\$ 1,629,168
Park and recreation facilities	1,820,000	1,820,000
Water supply improvements	3,780,000	949,386
Sanitary sewer system	1,000,000	1,000,000
Operations and maintenance	350,000	189,588
Debt refunding	15,000,000	15,000,000
	<u>\$ 30,350,000</u>	<u>\$ 20,588,142</u>

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – FUND EQUITY

At December 31, 2020, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$495 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$8,200 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$91,057 is to be used exclusively for debt service requirements (see Note 5).

The restricted fund balance in the Capital Projects Fund in the amount of \$74,286 is to be used exclusively for the improvements of certain access roads into the District as collected through infrastructure fees for road improvements (see Note 2).

Assigned Fund Balance

The fund balance assigned for future year spending in the General Fund as of December 31, 2020, represents the amount appropriated for use in the budget for the year ending December 31, 2021.

NOTE 7 - NET POSITION

The District has a net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets that will be owned by the District, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2020, the District had a deficit net investment in capital assets of \$36,341.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted amounts of \$74,286 for road improvements and \$8,200 restricted for emergency reserves as of December 31, 2020.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 - NET POSITION (CONTINUED)

As of December 31, 2020, the District had a deficit unrestricted net position of \$8,072,642. This deficit amount is the result of the District being responsible for the repayment of loans and notes issued for public improvements which were conveyed to other governmental entities.

NOTE 8 - RELATED PARTIES

Some members of the Board of Directors of the District are employees of, owners of, or otherwise associated with Elkhorn Ranch Venture, Red Tierra, Elkhorn Land and Bromley Companies and may have conflicts of interest in dealing with the District. Specific details of transactions with Elkhorn Ranch Venture, Red Tierra, Elkhorn Land and Bromley Companies regarding organization, advances and debt are described elsewhere in these footnotes.

NOTE 9 - 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.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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, except Enterprise.

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

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

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

On May 7, 2002, a majority of the District's electors authorized the District to increase taxes \$100,000 annually to pay the District's operations, maintenance and other expenses, without limitation on the mill levy rate imposed, and in amounts sufficient to produce the annual increase or a lesser amount as may be necessary. The proceeds of such taxes and investment income thereon may collected and spent by the District as a voter-approved revenue change without regard to spending, revenue-raising, or the limitations contained in TABOR or Section 29-1-301, C.R.S. The electors also authorized the District to collect, retain and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

NOTE 11 – SUBSEQUENT EVENT

On July 1, 2021, the District issued \$9,000,000 in General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan. The Loan matures on December 1, 2038 and bears interest of 3.26% which is payable on June 1 and December 1, commencing December 1, 2021. Upon the occurrence of Determination of Taxability, the interest rate converts to 4.13%. Principal is due on December 1. Proceeds from the loan were used to current refund the Refunding and Improvement Loan, Series 2018 loan and repay the General Obligation Limited Tax Subordinate Promissory Notes, Series 2018A, 2018B and 2018C.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 582,452	\$ 582,452	\$ 577,511	\$ (4,941)
Specific ownership taxes	87,368	87,368	107,052	19,684
Interest	3,200	3,200	1,501	(1,699)
Total revenues	<u>673,020</u>	<u>673,020</u>	<u>686,064</u>	<u>13,044</u>
EXPENDITURES				
<u>General</u>				
County treasurer fees	17,474	17,474	17,250	224
<u>Debt service</u>				
Loan principal - Series 2018	273,948	273,948	273,948	-
Loan interest - Series 2018	332,196	332,196	332,196	-
Paying agent fees	1,500	3,000	3,000	-
Total expenditures	<u>625,118</u>	<u>626,618</u>	<u>626,394</u>	<u>224</u>
NET CHANGE IN FUND BALANCE	47,902	46,402	59,670	13,268
FUND BALANCE - BEGINNING OF YEAR	<u>19,828</u>	<u>31,387</u>	<u>31,387</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 67,730</u></u>	<u><u>\$ 77,789</u></u>	<u><u>\$ 91,057</u></u>	<u><u>\$ 13,268</u></u>

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2020

	<u>Budget Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay - Road improvements	74,286	-	74,286
Total expenditures	74,286	-	74,286
NET CHANGE IN FUND BALANCE	(74,286)	-	74,286
FUND BALANCE - BEGINNING OF YEAR	74,286	74,286	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 74,286</u>	<u>\$ 74,286</u>

OTHER INFORMATION

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

\$8,875,000

General Obligation (Limited Tax Convertible to Unlimited Tax)

Refunding and Improvement Loan, Series 2018

Dated June 19, 2018

Interest Rate of 3.99%

Payable on June 1 and December 1

Principal due on December 1

	Principal	Interest	Total
2021	\$ 279,414	\$ 321,265	\$ 600,679
2022	284,988	310,117	595,105
2023	290,673	298,746	589,419
2024	296,472	287,148	583,620
2025	302,387	275,319	577,706
2026	308,420	263,253	571,673
2027	314,573	250,948	565,521
2028	5,974,839	119,198	6,094,037
	<u>\$ 8,051,766</u>	<u>\$ 2,125,994</u>	<u>\$ 10,177,760</u>

**ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2006	\$ 3,376,820	55.000	\$ 185,725	\$ 185,724	100.00%
2007	\$ 4,746,020	55.000	\$ 261,031	\$ 261,032	100.00%
2008	\$ 6,338,290	55.000	\$ 348,606	\$ 348,223	99.89%
2009	\$ 6,882,280	55.000	\$ 378,525	\$ 277,404	73.29%
2010	\$ 7,667,740	55.000	\$ 421,726	\$ 496,888	117.82%
2011	\$ 7,257,220	56.700	\$ 411,484	\$ 411,391	99.98%
2012	\$ 5,119,780	56.700	\$ 290,292	\$ 290,292	100.00%
2013	\$ 5,173,880	56.700	\$ 293,359	\$ 293,359	100.00%
2014	\$ 6,078,400	56.700	\$ 344,645	\$ 278,151	80.71%
2015	\$ 4,925,540	56.700	\$ 279,278	\$ 279,278	100.00%
2016	\$ 6,216,850	56.700	\$ 352,495	\$ 352,502	100.00%
2017	\$ 7,202,920	56.700	\$ 408,406	\$ 408,406	100.00%
2018	\$ 10,671,120	62.665	\$ 668,706	\$ 664,663	99.40%
2019	\$ 10,820,697	62.665	\$ 678,079	\$ 678,079	100.00%
2020	\$ 12,943,370	62.665	\$ 811,096	\$ 804,216	99.15%

Estimated for
the year ending
December 31,
2021

\$ 13,164,530 62.665 \$ 824,955

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.