

THE VILLAGE METROPOLITAN DISTRICT
Eagle County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

**THE VILLAGE METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Independent Auditor's Report

Board of Directors
The Village Metropolitan District
Eagle County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Village Metropolitan District (the "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 an opinion 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Village Metropolitan District 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

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, as listed in the table of contents, has not been subject 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 them.

Sincerely,



Wipfli LLP
Lakewood, Colorado

August 2, 2021

BASIC FINANCIAL STATEMENTS

**THE VILLAGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 13,793
Cash and Investments - Restricted	9,763,026
Accounts Receivable	3,890,776
Receivable - County Treasurer	2,921
Property Taxes Receivable	<u>222,572</u>
Total Assets	<u>13,893,088</u>
LIABILITIES	
Accounts Payable	173,861
Accrued Interest Payable - Bonds	181,986
Noncurrent Liabilities:	
Due Within One Year	190,000
Due in More Than One Year	<u>45,384,299</u>
Total Liabilities	<u>45,930,146</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>222,572</u>
Total Deferred Inflows of Resources	<u>222,572</u>
NET POSITION	
Restricted for:	
Emergency Reserves	2,300
Unrestricted	<u>(32,261,930)</u>
Total Net Position	<u><u>\$ (32,259,630)</u></u>

See accompanying Notes to Basic Financial Statements.

**THE VILLAGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 13,793	\$ -	\$ -	\$ 13,793
Cash and Investments - Restricted	2,300	3,196,729	6,563,997	9,763,026
Accounts Receivable	-	3,890,776		3,890,776
Receivable - County Treasurer	-	2,921	-	2,921
Property Taxes Receivable	-	222,572	-	222,572
Due from Other Funds	2,324	-	-	2,324
Total Assets	\$ 18,417	\$ 7,312,998	\$ 6,563,997	\$ 13,895,412
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 3,377	\$ -	\$ 170,484	\$ 173,861
Due to Other Funds	-	2,324	-	2,324
Total Liabilities	3,377	2,324	170,484	176,185
 DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	-	222,572	-	222,572
Total Deferred Inflows of Resources	-	222,572	-	222,572
 FUND BALANCES				
Restricted for:				
Emergency Reserves	2,300	-	-	2,300
Debt Service	-	7,088,102	-	7,088,102
Capital Projects	-	-	6,393,513	6,393,513
Unassigned	12,740	-	-	12,740
Total Fund Balances	15,040	7,088,102	6,393,513	13,496,655
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,417	\$ 7,312,998	\$ 6,563,997	

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

Long-term liabilities, including loans payable and interest payable, are due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(45,000,000)
Bonds Premium	(574,299)
Accrued Interest Payable - Bond	(181,986)
	(45,756,285)

Net Position of Governmental Activities	\$ (32,259,630)
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See accompanying Notes to Basic Financial Statements.

**THE VILLAGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ -	\$ 728,917	\$ -	\$ 728,917
Specific Ownership Taxes	-	36,209	-	36,209
Transfers from Traer Creek Metropolitan District	73,968	3,888,381	-	3,962,349
Net Investment Income	20	7,142	125	7,287
Total Revenues	<u>73,988</u>	<u>4,660,649</u>	<u>125</u>	<u>4,734,762</u>
EXPENDITURES				
General and Administrative:				
Accounting	18,407	-	-	18,407
Audit	4,200	-	-	4,200
District Management	8,470	-	-	8,470
Dues and Membership	300	-	-	300
Insurance and Bonds	4,047	-	-	4,047
Legal	29,853	-	-	29,853
Miscellaneous Expense	3,517	-	-	3,517
Debt Service:				
County Treasurer's Fee	-	22,053	-	22,053
Loan Principal	-	5,799,596	-	5,799,596
Loan Interest	-	625,486	-	625,486
Bond Interest - Series 2020	-	497,427	-	497,427
Bond Issue Costs	-	1,201,825	-	1,201,825
Transfers to Traer Creek Metropolitan District	-	24,989,878	3,624,318	28,614,196
Total Expenditures	<u>68,854</u>	<u>33,136,265</u>	<u>3,624,318</u>	<u>36,829,437</u>
NET CHANGE IN FUND BALANCES	5,134	(28,475,616)	(3,624,193)	(32,094,675)
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	45,000,000	-	45,000,000
Bond Premium	-	581,098	-	581,098
Transfer from/to Other Funds	(326)	(10,017,380)	10,017,706	-
Total Other Financing Sources (Uses)	<u>(326)</u>	<u>35,563,718</u>	<u>10,017,706</u>	<u>45,581,098</u>
NET CHANGE IN FUND BALANCE	4,808	7,088,102	6,393,513	13,486,423
Fund Balances - Beginning of Year	<u>10,232</u>	<u>-</u>	<u>-</u>	<u>10,232</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,040</u>	<u>\$ 7,088,102</u>	<u>\$ 6,393,513</u>	<u>\$ 13,496,655</u>

See accompanying Notes to Basic Financial Statements.

**THE VILLAGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Total Governmental Funds \$ 13,486,423

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

The issuance of long-term debt (e.g., loans, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Proceeds	(45,000,000)
Bond Premium	(581,098)
Principal Payment	5,799,596

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.

Accrued Interest - Change in Liability	(168,670)
Amortization of Bond Premium	<u>6,799</u>

Change in Net Position of Governmental Activities \$ (26,456,950)

**THE VILLAGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actuals Amounts	Variance with Final Budget Positive (Negative)
	Original	Amended		
REVENUES				
Transfers from Traer Creek Metropolitan District	\$ 50,000	\$ 81,674	\$ 73,968	\$ (7,706)
Net Investment Income	100	-	20	20
Total Revenues	<u>50,100</u>	<u>81,674</u>	<u>73,988</u>	<u>(7,686)</u>
EXPENDITURES				
Accounting	20,000	20,000	18,407	1,593
Audit	4,200	4,200	4,200	-
District Management	9,000	10,000	8,470	1,530
Dues and Membership	1,000	300	300	-
Insurance and Bonds	5,000	4,047	4,047	-
Legal	7,000	39,000	29,853	9,147
Miscellaneous Expense	2,300	4,064	3,517	547
Total Expenditures	<u>50,000</u>	<u>81,674</u>	<u>68,854</u>	<u>12,820</u>
NET CHANGE IN FUND BALANCE	100	-	5,134	5,134
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	-	(326)	(326)	-
Total Other Financing Uses	<u>-</u>	<u>(326)</u>	<u>(326)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	100	(326)	4,808	5,134
Fund Balance - Beginning of Year	<u>17,844</u>	<u>10,232</u>	<u>10,232</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,944</u>	<u>\$ 9,906</u>	<u>\$ 15,040</u>	<u>\$ 5,134</u>

See accompanying Notes to Basic Financial Statements.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

The Village Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court on November 30, 1998, concurrently with Traer Creek Metropolitan District (Traer Creek), and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the town of Avon (the Town) in Eagle County, Colorado. The District operates under a Service Plan approved by the Town on August 25, 1998. The District was established to provide financing for the construction of streets and safety control, water systems, sewer systems, park and recreation facilities, safety protection, fire protection, transportation systems, television relay, mosquito control and the operation and maintenance of the District. Under its Service Plan, the District is intended to be the Financing District related to Traer Creek as the Service District for the development of the service area, which encompasses the area of both Districts.

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 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, including the Town and Traer Creek.

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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.

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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 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.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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.

The District has amended its annual budget for the year ended December 31, 2020.

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.

Amortization – Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of the debt issued and premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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: nonspendable, 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:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of 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 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 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 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 practice to use the most restrictive classification first.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS

Deposits with Financial Institutions

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

Statement of Net Position:

Cash and Investments	\$ 13,793
Cash and Investments - Restricted	9,763,026
Total Cash and Investments	<u>\$ 9,776,819</u>

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

Deposits with Financial Institutions	\$ 796
Investments	9,776,023
Total Cash and Investments	<u>\$ 9,776,819</u>

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 for the reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank and a carrying balance of \$796.

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 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to three 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.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 securities of 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 repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust Plus (COLOTRUST PLUS)	Weighted Average Under 60 Days	\$ 15,297
U.S. Treasury Money Market Fund	Weighted Average Under 60 Days	9,760,726
Total		<u>\$ 9,776,023</u>

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. 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. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

U.S. Treasury Money Market Fund

The money at US Bank is invested in the Fidelity Governmental Fund 57 (Class 1). The Fidelity Governmental Fund is a money market fund that is managed by Fidelity Investments and each share is equal in value to \$1.00. The fund is AAAM rated and invests in high quality short-term obligations, with approximately 80% of assets invested in government securities. The average maturity of the underlying securities is 60 days or less.

NOTE 4 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
Limited Tax General Obligation					
Refunding Loan, Series, 2015	\$ 5,799,596	-	\$ 5,799,596	-	-
Special Revenue and Limited Property Tax					
Refunding and Improve Bonds, Series 2020	-	45,000,000	-	45,000,000	190,000
Bond Premium, Series 2020	-	581,098	6,799	574,299	-
Total	<u>\$ 5,799,596</u>	<u>\$ 45,581,098</u>	<u>\$ 5,806,395</u>	<u>\$ 45,574,299</u>	<u>\$ 190,000</u>

On May 14, 2015, the District entered into a loan agreement with NBH Bank, N.A. to obtain a loan in the amount of \$7,460,000 (Loan). The maturity date of the Loan is May 14, 2025, with an interest rate of 2.75%, paid semiannually on June 1 and December 1. The first \$500,000 of property taxes received each year from the District will be pledged for Tank Project Financing and deposited into the Escrow account.

If the 2015 Loan is not refinanced, extended, or paid in full on or before the Maturity Date, the Post Maturity Interest Rate shall be computed using the following formula: 65% of One Month LIBOR plus 275 basis points. The balance of the Loan shall bear interest at the Post Maturity Interest Rate from and including the first day following the Maturity Date until the earlier of (A) the Loan is paid in full or (B) the Maximum Amount Due has been paid to the Bank.

Upon any Determination of Taxability, the Loan Balance of the Loan shall bear interest at a fixed rate equal to 4.23% (the Taxable Rate).

The proceeds of the Loan were transferred to Traer Creek to refund Traer Creek LLC for costs associated with the construction of a water tank improvement project.

The District met the conditions of the Loan Agreement required to prepay all or part of the principal amount of the Loan prior to its maturity date. A portion of the Series 2020 Bond proceeds were used to prepay and cancel the outstanding principal amount of the Loan and to pay the prepayment fee. This loan is was paid in full during 2020.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District’s long-term obligations are as follows:

\$45,000,000 Special Revenue and Limited Property Tax Refunding and Improvement Bonds, Series 2020, dated August 21, 2020

The Series 2020 Bonds consist of three term bonds that bear interest at 4.150%, 5.000% and 5.000% per annum, respectively, and mature on December 1, 2030, December 1, 2040 and December 1, 2049, respectively. Interest on the Series 2020 Bonds is payable semiannually on June 1 and December 1, beginning on December 1, 2020 with principal payment due on December 1 each year, beginning in 2021. Proceeds from the sale of the Series 2020 Bonds were used for the purpose of: (a) Paying the Project Costs; (b) refunding the Series 2014 Bonds (Issued by Traer Creek); (c) prepaying and canceling the 2015 Loan; (d) funding the Debt Service Reserve Fund in the amount of the Required Reserve; and (e) paying certain costs of issuance. The Series 2020 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities, (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2025 and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2025 through November 30, 2026	3.00%
December 1, 2026 through November 30, 2027	2.00
December 1, 2027 through November 30, 2028	1.00
December 1, 2028 and thereafter	0.00

Mandatory Redemption

The Series 2020 Bonds are also subject to mandatory sinking fund redemption by lot on December 1 of each year and in the principal amounts at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Pledged Revenue

The Series 2020 Bonds are special revenue and limited property tax obligations of the District secured by and payable from and to the extent of the District Pledged Revenue and Traer Creek Pledged Revenue.

The District Pledged Revenue consists of the following, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the Town and/or County (to the extent not previously deducted by definition): (a) all moneys derived from imposition by the District of the Required Mill Levy; (b) all Tap Fees and Surcharges; (c) all Specific Ownership Tax Revenues; (d) all Assigned Revenues received from Traer Creek; and (e) any other legally available moneys which the District determines, in its sole and absolute discretion, to credit to the Bond Fund.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue (continued)

The Traer Creek Pledged Revenue consists of the money derived by Traer Creek from the following sources being pledged pursuant to the Pledge Agreement, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the Town and/or County (to the extent not previously deducted by definition): (a) all moneys derived from imposition by Traer Creek of the Traer Creek Required Mill Levy; (b) all Tap Fees and Surcharges; (c) all Traer Creek Specific Ownership Tax Revenues; (d) all Assigned Revenues received from the Commercial PIC and/or the Mixed-Use PIC, less the Annual Operations Funding Allocation; and (e) any other legally available moneys which Traer Creek determines, in its sole and absolute discretion, to transfer to the District for credit to the Bond Fund. The Annual Operations Funding Allocation is defined in the Pledge Agreement as \$450,000 per year.

The Series 2020 Bonds are also secured by amounts on deposit in the Debt Service Reserve Fund, which is to be funded from proceeds of the Bonds in the amount of \$3,081,250. The balance of the Debt Service Reserve Fund at December 31, 2020 is \$3,081,308.

In addition, the Series 2020 Bonds are secured by amounts on deposit in the Surplus Fund, which is to be funded from excess Pledged Revenue, if any, up to \$2,000,000. The balance of the Surplus Fund at December 31, 2020 is \$0.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 190,000	\$ 2,183,828	\$ 2,373,828
2022	385,000	2,175,942	2,560,942
2023	580,000	2,159,965	2,739,965
2024	740,000	2,135,895	2,875,895
2025	800,000	2,105,185	2,905,185
2026-2030	5,090,000	9,968,165	15,058,165
2031-2035	6,735,000	8,662,750	15,397,750
2036-2040	8,595,000	6,802,250	15,397,250
2041-2045	10,970,000	4,427,500	15,397,500
2046-2049	10,915,000	1,397,250	12,312,250
Total	<u>\$ 45,000,000</u>	<u>\$ 42,018,730</u>	<u>\$ 87,018,730</u>

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 DEBT AUTHORIZATION

On November 3, 1998, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$52,250,000 at an interest rate not to exceed 18%. On November 6, 2001, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$1,763,000,000 at an interest rate not to exceed 18%. The total authorized indebtedness is allocated for the following purposes:

	Amount Authorized on November 3, 1998 and November 6, 2001	Authorization Used for Series 2015 Loan	Remaining Electoral Authorization
Street and Street Improvements	\$ 176,750,000	\$ -	\$ 176,750,000
Water	160,850,000	7,460,000	153,390,000
Sanitary or Storm Sewer	174,500,000	-	174,500,000
Parks and Recreation	162,050,000	-	162,050,000
Traffic and Safety	158,300,000	-	158,300,000
Mosquito Control	10,150,000	-	10,150,000
Public Transportation	160,700,000	-	160,700,000
Fire Protection and Ambulance	158,300,000	-	158,300,000
Television Relay and Translation	158,150,000	-	158,150,000
Operations and Maintenance	15,000,000	-	15,000,000
Debt Refunding	158,000,000	-	158,000,000
Intergovernmental Agreements - General	164,500,000	-	164,500,000
Intergovernmental Agreements - Traer Creek	158,000,000	-	158,000,000
Total	<u>\$ 1,815,250,000</u>	<u>\$ 7,460,000</u>	<u>\$ 1,807,790,000</u>

Per the Service Plan dated August 25, 1998, the District, combined with Traer Creek Metropolitan District, is limited to issuing \$158,000,000 in debt. Traer Creek Metropolitan District's authorization used is \$52,100,000. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

NOTE 6 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District has restricted net assets as of December 31, 2020 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 2,300
Total Restricted Net Position	<u>\$ 2,300</u>

The District's unrestricted net position as of December 31, 2020 is \$(32,261,930). This deficit is a result of the District being responsible for the repayment of the bonds issued for public improvement which were conveyed to other governmental entities.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 RELATED PARTIES

The Developer of the property within the District and Traer Creek is Traer Creek LLC and several affiliated limited liability companies (Developer). The members of the Board of Directors are employees, owners or associated with the Developer and may have conflicts of interest in dealing with the District.

The members of the Board also serve as the Board members of Traer Creek.

NOTE 8 AGREEMENTS

In 2014, Traer Creek issued \$40,175,000 Taxable Variable Rate Revenue Refunding Bonds, Series 2014, dated August 1, 2014, to refund Series 2002 bonds and Series 2004 bonds (the Bonds). The Bonds are secured by an irrevocable, direct pay letter of credit (LOC) pursuant to a Letter of Credit Reimbursement Agreement (LOC Agreement) by and among the District, Traer Creek, and BNP Paribas (BNPP). The District has pledged to pay its property tax revenues (after the first \$500,000 – see Tank Project Financing Reimbursement and Pledge Agreement) and specific ownership tax revenues to BNPP. The LOC expires on July 31, 2021, unless extended by BNPP at its sole discretion. A portion of the Series 2020 Bond proceeds were transferred to Traer Creek to refund the Series 2014 Bonds.

As of December 31, 2019, the balance of the deferred fees owing to BNPP was \$516,967. A portion of Series 2020 Bond proceeds was transferred to Traer Creek to pay such balance, together with all additional deferred fees of BNPP.

The District entered into a Facilities Funding, Construction and Operations Agreement on July 31, 2001, and later amended on March 4, 2002, with Traer Creek to provide funding in exchange for certain services and facilities, as described in the District's Service Plan, to current and future residents and property owners of both the District and Traer Creek. Additionally, the District will provide funding to Traer Creek in exchange for the operations, maintenance and administrative service functions. The District pledges all revenue it receives from ad valorem property taxes, specific ownership taxes and other rates, fees, tolls and charges that may be imposed and collected to Traer Creek, if such revenue is not otherwise pledged, to assist in financing the facilities and services.

Tank Project Financing Reimbursement and Pledge Agreement

On August 1, 2014, the District entered into a reimbursement and pledge agreement with Traer Creek and Traer Creek-RP LLC to deposit into Escrow 60 semi-annual payments for Tank Project Financing. The first \$500,000 of property taxes received each year from the District will be pledged for Tank Project Financing and deposited into the Escrow account. During 2015, the District entered into the Loan Agreement (see Note 4), which pledged the first \$500,000 of property taxes received to the Loan Agreement. Payments are made from the Escrow to repay the Loan. The District met the conditions of the Loan Agreement required to prepay all or part of the principal amount of the Loan prior to its maturity date. A portion of the Series 2020 Bond proceeds were used to prepay and cancel the outstanding principal amount of the Loan and to pay the prepayment fee.

**THE VILLAGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RISK MANAGEMENT

The District is 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) as of December 31, 2020. 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 and public officials' liability 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.

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. The District voters approved an election question in 2001 to remove limits on the amount of revenue, excluding revenues generated from ad valorem taxes, the District is allowed to retain.

On November 6, 2001, District voters passed an election question to increase property taxes \$1,000,000 annually, without limitation of rate, to pay the District's administration, operational and maintenance costs.

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 Emergency Reserves have been calculated based only on the revenues that the District retains. This does not include the revenue used for debt service. Revenues transferred to Traer Creek Metropolitan District will have an Emergency Reserve on those funds shown in Traer Creek Metropolitan District.

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.

SUPPLEMENTARY INFORMATION

**THE VILLAGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 728,889	\$ 728,889	\$ 728,917	\$ 28
Specific Ownership Taxes	36,444	35,000	36,209	1,209
Net Investment Income	-	7,000	7,142	142
Transfers from Traer Creek Metropolitan District	3,700,000	3,877,879	3,888,381	10,502
Total Revenues	4,465,333	4,648,768	4,660,649	11,881
EXPENDITURES				
County Treasurer's Fee	21,867	22,052	22,053	(1)
Loan Principal	5,799,596	5,799,596	5,799,596	-
Loan Interest	40,000	625,486	625,486	-
Bond Interest - Series 2020	2,029,347	497,487	497,427	60
Bond Principal - Series 2020	130,000	-	-	-
Bond Issue Costs	841,875	1,317,182	1,201,825	115,357
Paying Agent Fees	5,000	-	-	-
Contingency	49,747	130,613	-	130,613
Transfers to Traer Creek Metropolitan District	23,268,568	24,989,878	24,989,878	-
Total Expenditures	32,186,000	33,382,294	33,136,265	246,029
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(27,720,667)	(28,733,526)	(28,475,616)	257,910
OTHER FINANCING SOURCES (USES)				
Bond Issuance	35,900,000	45,000,000	45,000,000	-
Bond Premium	-	581,098	581,098	-
Transfers from Other Funds	-	326	326	-
Transfers to Other Funds	(2,000,000)	(10,017,706)	(10,017,706)	-
Total Other Financing Sources (Uses)	33,900,000	35,563,718	35,563,718	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	6,179,333	6,830,192	7,088,102	257,910
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	\$ 6,179,333	\$ 6,830,192	\$ 7,088,102	\$ 257,910

**THE VILLAGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ -	\$ 125	\$ 125
Total Revenues	-	-	125	125
EXPENDITURES				
Streets	2,000,000	-	-	-
Transfers to Traer Creek Metropolitan District	-	5,100,000	3,624,318	1,475,682
Total Expenditures	2,000,000	5,100,000	3,624,318	1,475,682
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(2,000,000)	(5,100,000)	(3,624,193)	1,475,807
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	10,017,706	10,017,706	-
Total Other Financing Sources (Uses)	-	10,017,706	10,017,706	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(2,000,000)	4,917,706	6,393,513	1,475,807
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	\$ (2,000,000)	\$ 4,917,706	\$ 6,393,513	\$ 1,475,807

OTHER INFORMATION

**THE VILLAGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REIUREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2020**

\$45,000,000 Special Revenue and Limited Property Tax
Refunding and Improvement Bonds
Series 2020, Dated September 9, 2020
Interest Rate 4.15% - 5.00% Payable
June 1 and December 1

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 190,000	\$ 2,183,828	\$ 2,373,828
2022	385,000	2,175,942	2,560,942
2023	580,000	2,159,965	2,739,965
2024	740,000	2,135,895	2,875,895
2025	800,000	2,105,185	2,905,185
2026	875,000	2,071,985	2,946,985
2027	940,000	2,035,673	2,975,673
2028	1,015,000	1,996,662	3,011,662
2029	1,090,000	1,954,540	3,044,540
2030	1,170,000	1,909,305	3,079,305
2031	1,220,000	1,860,750	3,080,750
2032	1,280,000	1,799,750	3,079,750
2033	1,345,000	1,735,750	3,080,750
2034	1,410,000	1,668,500	3,078,500
2035	1,480,000	1,598,000	3,078,000
2036	1,555,000	1,524,000	3,079,000
2037	1,635,000	1,446,250	3,081,250
2038	1,715,000	1,364,500	3,079,500
2039	1,800,000	1,278,750	3,078,750
2040	1,890,000	1,188,750	3,078,750
2041	1,985,000	1,094,250	3,079,250
2042	2,085,000	995,000	3,080,000
2043	2,190,000	890,750	3,080,750
2044	2,300,000	781,250	3,081,250
2045	2,410,000	666,250	3,076,250
2046	2,535,000	545,750	3,080,750
2047	2,660,000	419,000	3,079,000
2048	2,790,000	286,000	3,076,000
2049	2,930,000	146,500	3,076,500
Total	<u>\$ 45,000,000</u>	<u>\$ 42,018,730</u>	<u>\$ 87,018,730</u>

**THE VILLAGE METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 YEAR ENDED 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
			Levied	Collected	
2016	\$ 14,320,870	50.000	\$ 716,044	716,072	100.00 %
2017	14,192,690	50.000	709,635	709,634	100.00
2018	13,857,090	50.000	692,855	692,406	99.94
2019	13,857,090	50.000	713,495	713,495	100.00
2020	14,577,780	50.000	728,889	728,917	100.00
Estimated for the Year Ending December 31, 2021	\$ 14,838,100	15.000	\$ 222,572		

Note:

Property taxes shown as collected in any one year include collections of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years' assessment.