

River Valley Village Metropolitan District

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
 <u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
 <u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Debt Service Fund	16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Fund	17
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	18



HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Valley Village Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the River Valley Village Metropolitan District (the District), Adams County, Colorado, as of and for the year ended December 31, 2020, 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 (U.S. GAAP); 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of River Valley Village Metropolitan District, Adams County, Colorado, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with U.S. GAAP.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected were presented for the purpose of additional analysis and were not a required part of the financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected is the responsibility of management and were derived from and relate 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 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.

Hiratsuka & Associates, LLP

September 30, 2021
Wheat Ridge, Colorado

River Valley Village Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 1,013	\$ -	\$ -	\$ 1,013	\$ -	\$ 1,013
Cash and investments - restricted	1,053	-	155,778	156,831	-	156,831
Receivable County Treasurer	183	-	797	980	-	980
Property taxes receivable	40,247	-	182,032	222,279	-	222,279
Receivable from Developer	5,000	-	-	5,000	(5,000)	-
Capital assets, net of depreciation	-	-	-	-	3,940,438	3,940,438
Total Assets	<u>\$ 47,496</u>	<u>\$ -</u>	<u>\$ 338,607</u>	<u>\$ 386,103</u>	<u>3,935,438</u>	<u>4,321,541</u>
LIABILITIES						
Accounts payable	\$ 16,489	\$ -	\$ -	\$ 16,489	-	16,489
Due to other funds	-	-	-	-	-	-
Accrued interest on bonds	-	-	-	-	14,978	14,978
Long-term liabilities						
Due in more than one year	-	-	-	-	4,252,099	4,252,099
Total Liabilities	<u>16,489</u>	<u>-</u>	<u>-</u>	<u>16,489</u>	<u>4,267,078</u>	<u>4,283,567</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	40,247	-	182,032	222,279	-	222,279
Total Deferred Inflows of Resources	<u>40,247</u>	<u>-</u>	<u>182,032</u>	<u>222,279</u>	<u>-</u>	<u>222,279</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted						
Emergencies	1,053	-	-	1,053	(1,053)	-
Debt Service	-	-	156,575	156,575	(156,575)	-
Unassigned	<u>(10,293)</u>	<u>-</u>	<u>-</u>	<u>(10,293)</u>	<u>10,293</u>	<u>-</u>
Total Fund Balances	<u>(9,240)</u>	<u>-</u>	<u>156,575</u>	<u>147,335</u>	<u>(147,335)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,496</u>	<u>\$ -</u>	<u>\$ 338,607</u>	<u>\$ 386,103</u>		
Net Position:						
Restricted for:						
Emergencies					1,053	1,053
Debt service					141,597	141,597
Unrestricted					<u>(326,954)</u>	<u>(326,954)</u>
Total Net Position					<u>\$ (184,305)</u>	<u>\$ (184,305)</u>

The notes to the financial statements are an integral part of these statements.

River Valley Village Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting & audit	\$ 11,885	\$ -	\$ -	\$ 11,885	\$ -	\$ 11,885
Engineering	8,121	-	-	8,121	-	8,121
Insurance	3,489	-	-	3,489	-	3,489
Legal	30,255	-	-	30,255	-	30,255
Treasurer's fees	503	-	2,275	2,778	-	2,778
Bond interest expense	-	-	-	-	155,837	155,837
Bond issuance costs	-	5,000	-	5,000	-	5,000
Trustee fees	-	-	4,000	4,000	-	4,000
Capital improvements	-	1,511,137	-	1,511,137	(1,511,137)	-
Interest on developer advance	-	-	-	-	3,311	3,311
Total Expenditures	<u>54,253</u>	<u>1,516,137</u>	<u>6,275</u>	<u>1,576,665</u>	<u>(1,351,989)</u>	<u>224,676</u>
GENERAL REVENUES						
Property taxes	33,281	-	150,526	183,807	-	183,807
Specific ownership taxes	2,752	-	11,095	13,847	-	13,847
Interest and other income	303	-	1,229	1,532	-	1,532
	<u>36,336</u>	<u>-</u>	<u>162,850</u>	<u>199,186</u>	<u>-</u>	<u>199,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,917)	(1,516,137)	156,575	(1,377,479)	1,351,989	(25,490)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	1,442,349	-	1,442,349	(1,442,349)	-
Developer advance	-	73,788	-	73,788	(73,788)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,516,137</u>	<u>-</u>	<u>1,516,137</u>	<u>(1,516,137)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(17,917)	-	156,575	138,658	(138,658)	
CHANGE IN NET POSITION					(25,490)	(25,490)
FUND BALANCES/NET ASSETS						
BEGINNING OF YEAR	<u>8,677</u>	<u>-</u>	<u>-</u>	<u>8,677</u>	<u>(167,492)</u>	<u>(158,815)</u>
END OF YEAR	<u>\$ (9,240)</u>	<u>\$ -</u>	<u>\$ 156,575</u>	<u>\$ 147,335</u>	<u>\$ (331,640)</u>	<u>\$ (184,305)</u>

The notes to the financial statements are an integral part of these statements.

River Valley Village Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 33,427	\$ 33,427	\$ 33,281	\$ (146)
Specific ownership taxes	2,645	2,645	2,752	107
Interest and other income	<u>100</u>	<u>100</u>	<u>303</u>	<u>203</u>
Total Revenues	<u>36,172</u>	<u>36,172</u>	<u>36,336</u>	<u>164</u>
EXPENDITURES				
Accounting & audit	10,500	10,500	11,885	(1,385)
Engineering	-	-	8,121	(8,121)
Insurance	3,000	3,000	3,489	(489)
Legal	20,000	31,000	30,255	745
Treasurer's fees	501	501	503	(2)
Contingency	10,437	8,979	-	8,979
Interest on developer advance	<u>1,020</u>	<u>1,020</u>	<u>-</u>	<u>1,020</u>
Total Expenditures	<u>45,458</u>	<u>55,000</u>	<u>54,253</u>	<u>747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,286)	(18,828)	(17,917)	911
OTHER FINANCING SOURCES (USES)				
Developer advance	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
NET CHANGES IN FUND BALANCE	(9,286)	(8,828)	(17,917)	(9,089)
FUND BALANCE - BEGINNING OF YEAR	<u>9,286</u>	<u>9,286</u>	<u>8,677</u>	<u>(609)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 458</u>	<u>\$ (9,240)</u>	<u>\$ (9,698)</u>

The notes to the financial statements are an integral part of these statements.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the River Valley Village Metropolitan District (the “District”) located in the City of Thornton, Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District is a quasi-municipal corporation organized and created on May 30, 2018 established under the State of Colorado Special District Act. The District was established for the primary purpose of providing the design, acquisition, safety, protection, and parks and recreation improvements to benefit the inhabitants and taxpayers of the District.

The District’s primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

River Valley Village Metropolitan District

Notes to Financial Statements December 31, 2020

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, 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 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 appropriation is at the total fund expenditures level and lapses at year end. During 2020, the District amended its total appropriations in the General Fund, the Capital Projects Fund and the Debt Service Fund.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

River Valley Village Metropolitan District

Notes to Financial Statements December 31, 2020

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items to report under this category.

In addition to liabilities, the statement of financial 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 District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

River Valley Village Metropolitan District

Notes to Financial Statements 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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,053 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$156,575 is restricted for the payment of the debt service costs associated with the Series 2019 B Bonds (see Note 4).

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

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

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Deficit Fund Balance

The General Fund is reporting a deficit fund balance, the District anticipate that property taxes collected in subsequent years will eliminate this.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. The District has no amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 1,013
Cash and investments - Restricted	<u>156,831</u>
Total	<u>\$ 157,844</u>

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

Deposits with financial institutions	\$ 61,675
Fidelity Money Market Fund Class III	2,112
Investments – COLOTRUST	<u>94,057</u>
	<u>\$ 157,844</u>

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investing pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

River Valley Village Metropolitan District

Notes to Financial Statements December 31, 2020

Investment Valuation

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

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$94,057 invested in COLOTRUST.

Fidelity Money Market Fund Class III

The District’s funds that are included in the trust accounts at UMB Bank are invested in the Fidelity Money Market Fidelity Investments Money Market Treasury Portfolio – Class III (“Portfolio”). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The weighted average maturity of the underlying securities is 26 days. As of December 31, 2020, the District has \$2,112 invested in the fund, all of which was restricted for the repayment of bond principal and interest.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 2,429,301	\$1,511,137	\$ -	\$ 3,940,438
Total capital assets not being depreciated:	<u>2,429,301</u>	<u>1,511,137</u>	<u>-</u>	<u>3,940,438</u>
Government type assets, net	<u>\$ 2,429,301</u>	<u>\$1,511,137</u>	<u>\$ -</u>	<u>\$ 3,940,438</u>

Upon completion and acceptance, certain fixed assets will be conveyed by the District to other local governments. The District will only be responsible for maintenance on fixed assets not conveyed to other entities.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2019

On July 31, 2019, the District issued Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2019 (“Series 2019 Bonds”). The Series 2019 Bonds were issued as draw bonds, with a maximum value at issuance up to \$3,996,716 accreting at an interest rate of 5.83% to a maximum principal value of \$4,230,000 on December 1, 2020. On July 31, 2019 the District authorized the issuance of \$2,551,095 with an accreted value of \$2,700,000, and on April 23, 2020 authorized the issuance of \$1,442,349 with and accreted value of \$1,480,000. Because the maximum draw amount did not occur the total accreted value of the Series 2019 Bonds will be \$4,180,000. The Series 2019 Bonds were issued for the purposes of paying amounts due or that may become due under the Reimbursement and Acquisition Agreement. After the Current Interest Conversion Date, of December 1, 2020, the Series 2019 Bonds pay current interest at a rate of 4.30% due semiannually on each June 1 and December 1, commencing June 1, 2021. The Series 2019 Bonds are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2022, and each December 1 thereafter through the maturity date of December 1, 2054. The Series 2019 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, any date, upon payment of par plus accrued interest, without redemption premium. The District is subject to various covenants and obligations related to the Series 2019 Bonds and are secured by and payable solely from and to the extent of the Pledged Revenue, generally consisting of (a) the Property Tax Revenues, (b) all Specific Ownership Tax Revenues, (c) all Capital Fees, if any; and (d) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee as Pledged Revenue.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Infrastructure Acquisition and Reimbursement Agreement

On July 18, 2019, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with the Developer providing the Developer may provide certain public infrastructure, improvements, and services as authorized in the Service Plan. The District agreed to reimburse the Developer through the issuance of the Bonds payable 75% to the Developer and 25% to Bestall Collaborative Limited (“Co-Developer”) in an aggregate amount equal to the Certified District Eligible Costs, not to exceed \$4,000,000. At December 31, 2020, the amount outstanding under this agreement is principal of \$68,788 and interest of \$3,311.

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
<u>General Obligation Bonds</u>					
Series 2019 Bonds	\$ 2,587,518	\$ 1,592,482	\$ -	\$ 4,180,000	\$ -
<u>Direct Placement</u>					
Developer advance	-	68,788	-	68,788	-
Interest on Developer advance	-	3,311	-	3,311	-
	<u>\$ 2,587,518</u>	<u>\$ 1,664,581</u>	<u>\$ -</u>	<u>\$ 4,252,099</u>	<u>\$ -</u>

The following is a summary of the annual long-term debt principal and interest requirements.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 179,740	\$ 179,740
2022	100,000	179,740	279,740
2023	100,000	175,440	275,440
2024	100,000	171,140	271,140
2025	100,000	166,840	266,840
2026-2030	510,000	769,270	1,279,270
2031-2035	565,000	655,105	1,220,105
2036-2040	595,000	531,695	1,126,695
2041-2045	670,000	397,320	1,067,320
2046-2050	755,000	245,745	1,000,745
2051-2054	685,000	74,605	759,605
	<u>\$ 4,180,000</u>	<u>\$ 3,546,640</u>	<u>\$ 7,726,640</u>

Debt Authorization

As of December 31, 2020, the District has \$36,034,077 remaining voted debt authorized and unissued. The District has not budgeted to issue any new debt during 2021.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 5: Related Party

Members of the Board of Directors are owners, officers, employees, or otherwise associated with Thornton Cornerstone, LLC (“Developer”) and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board (see Note 4).

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

River Valley Village Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) capital improvements used in governmental activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and
- 4) governmental funds report long-term debt payments as expenditures, however, in the Statement of Activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

River Valley Village Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 151,190	\$ 151,190	\$ 150,526	\$ (664)
Specific ownership taxes	12,095	12,095	11,095	(1,000)
Interest and other income	<u>-</u>	<u>-</u>	<u>1,229</u>	<u>1,229</u>
 Total Revenues	 <u>163,285</u>	 <u>163,285</u>	 <u>162,850</u>	 <u>(435)</u>
 EXPENDITURES				
Trustee fees	-	5,000	4,000	1,000
Treasurer's fees	<u>2,287</u>	<u>2,287</u>	<u>2,275</u>	<u>12</u>
 Total Expenditures	 <u>2,287</u>	 <u>7,287</u>	 <u>6,275</u>	 <u>1,012</u>
 CHANGE IN FUND BALANCE	 160,998	 155,998	 156,575	 577
 FUND BALANCE - BEGINNING OF YEAR	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 160,998</u>	 <u>\$ 155,998</u>	 <u>\$ 156,575</u>	 <u>\$ 577</u>

The notes to the financial statements are an integral part of these statements.

River Valley Village Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Interest and other income	\$ -	\$ -	\$ -	\$ -
 Total Revenues	 -	 -	 -	 -
EXPENDITURES				
Capital improvements	1,442,120	1,515,000	1,511,137	3,863
Engineering	3,500	10,000	-	10,000
Bond issuance costs	-	5,000	5,000	-
 Total Expenditures	 <u>1,445,620</u>	 <u>1,530,000</u>	 <u>1,516,137</u>	 <u>13,863</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,445,620)	(1,530,000)	(1,516,137)	13,863
OTHER FINANCING SOURCES (USES)				
Developer advance	-	80,000	73,788	6,212
Bond proceeds	1,445,620	1,450,000	1,442,349	(7,651)
 Total Other Financing Sources (Uses)	 <u>1,445,620</u>	 <u>1,530,000</u>	 <u>1,516,137</u>	 <u>(13,863)</u>
NET CHANGES IN FUND BALANCE				
	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCE - END OF YEAR				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

River Valley Village Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2020

Year Ended <u>31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Mills Levied		<u>Total Property Tax</u>		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 1,265,140	50.000	0.000	\$ 63,257	\$ 63,257	100.00%
2020	\$ 3,023,790	11.055	50.000	\$ 184,617	\$ 183,807	99.56%
Estimated for year ending December 31, 2021	3,640,640	11.055	50.000	\$ 222,279		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.