

HANCE RANCH METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

**HANCE RANCH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hance Ranch Metropolitan District
City of Arvada, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hance Ranch Metropolitan District (the "District"), City of Arvada, 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

Hance Ranch Metropolitan District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.² Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Hance Ranch Metropolitan District, City of Arvada, Colorado, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hance Ranch Metropolitan District's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule Revenues, Expenditures and Changes in Fund Balance - Budget and Actual and Capital Projects Fund - Schedule Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is the responsibility of management and was 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.

The schedules of Debt Service Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.



Watson Coon Ryan, LLC
July 8, 2021
Centennial, Colorado

BASIC FINANCIAL STATEMENTS

**HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 14,989
Cash and Investments - Restricted	995,331
Prepaid Expenses	2,533
Receivable - County Treasurer	230
Receivable - Other	227,008
Property Taxes Receivable	47,159
Capital Assets, Not Being Depreciated	<u>1,117,141</u>
Total Assets	<u>2,404,391</u>
LIABILITIES	
Accounts Payable	23,302
Accrued Interest Payable	10,892
Noncurrent Liabilities:	
Due in More Than One Year	<u>2,633,258</u>
Total Liabilities	<u>2,667,452</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	<u>47,159</u>
Total Deferred Inflows of Resources	<u>47,159</u>
NET POSITION	
Restricted for:	
Emergency Reserves	1,100
Capital Projects	19
Unrestricted	<u>(311,339)</u>
Total Net Position	<u><u>\$ (310,220)</u></u>

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 60,636	\$ -	\$ -	\$ -	\$ (60,636)
Interest and Related Costs on Long-Term Debt	287,662	-	-	-	(287,662)
Total Governmental Activities	<u>\$ 348,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(348,298)
GENERAL REVENUES					
Property Taxes					33,809
Specific Ownership Taxes					2,583
Net Investment Income					33
Other Income					1,653
Total General Revenues					<u>38,078</u>
CHANGE IN NET POSITION					(310,220)
Net Position - Beginning of Year					-
NET POSITION - END OF YEAR					<u>\$ (310,220)</u>

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Fund
ASSETS					
Cash and Investments	\$ 13,344	\$ 1,645	\$ -	\$ -	\$ 14,989
Cash and Investments - Restricted	1,100	-	460,255	533,976	995,331
Prepaid Expenses	2,533	-	-	-	2,533
Receivable - County Treasurer	230	-	-	-	230
Property Taxes Receivable	13,870	-	33,289	-	47,159
	<u>31,077</u>	<u>1,645</u>	<u>493,544</u>	<u>533,976</u>	<u>1,060,242</u>
Total Assets	\$ 31,077	\$ 1,645	\$ 493,544	\$ 533,976	\$ 1,060,242
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 11,420	\$ -	\$ -	\$ 11,882	\$ 23,302
Total Liabilities	11,420	-	-	11,882	23,302
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	13,870	-	33,289	-	47,159
Total Deferred Inflows of Resources	13,870	-	33,289	-	47,159
FUND BALANCES					
Nonspendable:					
Prepaid Expenses	2,533	-	-	-	2,533
Restricted for:					
Emergency Reserves	1,100	-	-	-	1,100
Debt Service	-	-	460,255	-	460,255
Capital Projects	-	-	-	522,094	522,094
Committed for:					
Operations	-	1,645	-	-	1,645
Assigned:					
For Subsequent Year's Expenditures	559	-	-	-	559
Unassigned	1,595	-	-	-	1,595
Total Fund Balances	5,787	1,645	460,255	522,094	989,781
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,077	\$ 1,645	\$ 493,544	\$ 533,976	
Amounts reported for governmental activities in the statement of net position are different because:					
Other receivables in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Receivable - Other					227,008
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Capital Assets, Not Being Depreciated					1,117,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					
Bonds Payable					(2,606,610)
Accrued Interest on Bonds Payable					(10,892)
Developer Advance Payable					(26,648)
Net Position of Governmental Activities					<u>\$ (310,220)</u>

See accompanying Notes to Basic Financial Statements.

HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Fund
REVENUES					
Property Taxes	\$ 33,809	\$ -	\$ -	\$ -	\$ 33,809
Specific Ownership Taxes	2,583	-	-	-	2,583
Net Investment Income	-	-	13	20	33
Other Income	-	1,645	-	-	1,645
Total Revenues	36,392	1,645	13	20	38,070
EXPENDITURES					
General:					
Accounting	10,777	-	-	1,653	12,430
County Treasurer's Fees	507	-	-	-	507
Election Expense	449	-	-	-	449
Engineering	-	-	-	1,730	1,730
Insurance	501	-	-	-	501
District Management	1,500	-	-	-	1,500
Legal Services	42,537	-	-	-	42,537
Miscellaneous	982	-	-	-	982
Debt Service:					
Bond Issue Costs	-	-	-	276,770	276,770
Capital Projects:					
Capital Outlay	-	-	-	1,117,141	1,117,141
Total Expenditures	57,253	-	-	1,397,294	1,454,547
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,861)	1,645	13	(1,397,274)	(1,416,477)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds - Series 2020A(3)	-	-	-	2,375,000	2,375,000
Bond Proceeds - Series 2020A(3) Premium	-	-	-	4,610	4,610
Bond Proceeds - Series 2020B(3)	-	-	-	227,000	227,000
Developer Advance	26,648	-	-	1,117,141	1,143,789
Repay Developer Advance	-	-	-	(1,344,141)	(1,344,141)
Transfer In/Out	-	-	460,242	(460,242)	-
Total Other Financing Sources (Uses)	26,648	-	460,242	1,919,368	2,406,258
NET CHANGE IN FUND BALANCES	5,787	1,645	460,255	522,094	989,781
Fund Balances - Beginning of Year	-	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 5,787</u>	<u>\$ 1,645</u>	<u>\$ 460,255</u>	<u>\$ 522,094</u>	<u>\$ 989,781</u>

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH 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 Balances - Total Governmental Funds	\$	989,781
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year		1,117,141
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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 record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance		(2,602,000)
Bond Premium		(4,610)
Developer Advances		(1,143,789)
Repayment of Developer Advance		1,344,149

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 on Bonds - Change in Liability		(10,892)
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Change in Net Position of Governmental Activities	\$	(310,220)
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**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 34,557	\$ 33,809	\$ 33,809	\$ -
Specific Ownership Taxes	2,765	2,583	2,583	-
Total Revenues	37,322	36,392	36,392	-
EXPENDITURES				
Accounting	20,000	10,777	10,777	-
County Treasurer's Fees	518	507	507	-
Contingency	482	2,747	-	2,747
Dues and Licenses	500	-	-	-
Election Expense	1,500	449	449	-
Insurance	2,000	501	501	-
District Management	-	1,500	1,500	-
Legal Services	25,000	42,537	42,537	-
Miscellaneous	-	982	982	-
Total Expenditures	50,000	60,000	57,253	2,747
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,678)	(23,608)	(20,861)	2,747
OTHER FINANCING SOURCES (USES)				
Developer Advance	13,778	26,648	26,648	-
Total Other Financing Sources (Uses)	13,778	26,648	26,648	-
NET CHANGE IN FUND BALANCE	1,100	3,040	5,787	2,747
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 1,100</u>	<u>\$ 3,040</u>	<u>\$ 5,787</u>	<u>\$ 2,747</u>

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Income	\$ -	\$ 1,645	\$ 1,645
Total Revenues	-	1,645	1,645
EXPENDITURES			
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	1,645	1,645
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,645</u>	<u>\$ 1,645</u>

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Hance Ranch Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Jefferson County, Colorado on November 19, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

At a special election of the eligible electors of the District held on November 5, 2019, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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.

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. The effect of interfund activity has been removed from these statements. 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.

**HANCE RANCH 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 as general revenues.

Separate financial statements are provided for the 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 has 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 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 Special Revenue Fund is used to account for Operations Fees received and expenditures incurred in connection with operations and maintenance services of the District.

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

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

**HANCE RANCH 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 each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses 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 amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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.

Equity

Net Position

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

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.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 14,989
Cash and Investments - Restricted	<u>995,331</u>
Total Cash and Investments	<u><u>\$ 1,010,320</u></u>

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

Deposits with Financial Institutions	\$ 42,589
Investments	<u>967,731</u>
Total Cash and Investments	<u><u>\$ 1,010,320</u></u>

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had a bank balance and carrying balance of \$42,589.

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 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.

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 967,731</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.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2020, follows:

	<u>Balance - December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance - December 31, 2020</u>
Governmental Type Activities:				
Capital Assets, not Being Depreciated:				
Construction in Progress	<u>\$ -</u>	<u>\$ 1,117,141</u>	<u>\$ -</u>	<u>\$ 1,117,141</u>
Total Capital Assets, not Being Depreciated	<u>\$ -</u>	<u>\$ 1,117,141</u>	<u>\$ -</u>	<u>\$ 1,117,141</u>

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
Limited Tax General					
Obligation Bonds:					
Series 2020A(3)	\$ -	\$ 2,375,000	\$ -	\$ 2,375,000	\$ -
Series 2020A(3) - Premium	-	4,610	-	4,610	-
Series 2020B(3)	-	227,000	-	227,000	-
Total Bonds Payable	-	2,606,610	-	2,606,610	-
Other Debts:					
Developer Advances:					
Operational	-	26,648	-	26,648	-
Capital	-	1,117,141	1,117,141	-	-
Total	\$ -	\$ 3,750,399	\$ 1,117,141	\$ 2,633,258	\$ -

The details of the District's general obligation bonds outstanding during 2020 are as follows:

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A(3) (the Senior Bonds) and **Subordinate Limited Tax General Obligation Bonds, Series 2020B(3)** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on December 10, 2020, in the par amounts of \$2,375,000 for the Senior Bonds and \$227,000 for the Subordinate Bonds. Proceeds from the sale of the Senior Bonds were used to fund: (i) the costs of public improvements for the benefit of the District; (ii) capitalized interest on the Senior Bonds; (iii) certain funds created in the Senior Indenture; and (iv) costs of issuing the Bonds. Proceeds of the Subordinate Bonds were used to fund additional costs of public improvements

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details

The Senior Bonds were issued as two term bonds that bear interest at the rates of 5.000% and 5.125% (5.087% yield), mature on December 1, 2040 and December 1, 2050, respectively, and are payable semiannually on June 1 and December 1, beginning on June 1, 2021. The Senior Bonds have annual mandatory sinking fund principal payments due on December 1, beginning on December 1, 2028. To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 31, 2060, and shall continue to bear interest at the rate borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 31, 2060, the Senior Bonds shall be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue from the following sources, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; (c) the Cooperation Agreement Revenues; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Cooperation Agreement Revenues means the net incremental property tax revenues derived from any debt service mill levy imposed by the District and paid by the Authority to the District pursuant to the Cooperation Agreement.

Prior to the Conversion Date, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 60.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018), and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 60.000 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due, will replenish the Reserve Fund to the amount of the Required Reserve and, for so long as the Surplus Fund is required to be maintained, will fund the Surplus Fund to the Maximum Surplus Amount.

The Conversion Date means the date that: (i) the Debt to Assessed Ratio is 50% or less; (ii) no payments of principal or interest on the Senior Bonds are past due; and, (iii) the amount on deposit in the Reserve Fund is not less than the Required Reserve. On and after the Conversion Date, a Senior Required Mill Levy is to be imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, without limitation of rate.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$239,000, by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Required Reserve of \$221,243, and by amounts, if any, in the Surplus Fund. The balance in the capitalized interest account as of December 31, 2020, is \$239,006.

Subject to the receipt of sufficient Senior Pledged Revenue, the Reserve Fund is to be maintained in the amount of the Reserve Requirement for as long as any Senior Bonds are outstanding. The balance in the Reserve Fund as of December 31, 2020, is \$221,249.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$237,500. Subject to the receipt of sufficient Senior Pledged Revenue, the Surplus Fund is to be maintained until the earlier of: (i) the Conversion Date or (ii) the date on which no Senior Bonds remain outstanding. On and after the Conversion Date, amounts on deposit in the Surplus Fund are to be released to the District for application to any lawful purpose. Pursuant to the Subordinate Indenture, amounts released from the Surplus Fund are pledged to the repayment of the Subordinate Bonds. The balance in the Surplus Fund as of December 31, 2020, is \$-0-.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2021, from, and to the extent of, available Subordinate Pledged Revenue, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid on December 31, 2060, the Subordinate Bonds will be deemed discharged.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means the moneys derived by the District from the following sources, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from imposition of the Subordinate Required Mill Levy; (c) the portion of the Cooperation Agreement Revenues, if any, available after application to the payment of the Senior Bonds; (d) the amounts, if any, in the Surplus Fund released to the District; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Bonds Details (Continued)

The District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount of 60 mills (subject to adjustment) less the amount of the Senior Bond Required Mill Levy. Senior Bond Required Mill Levy means the ad valorem mill levy applied in connection with any Senior Bonds.

Optional Redemption

The Senior Bonds and the Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of 100% of the principal amount redeemed, plus accrued interest to the redemption date, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00
December 1, 2027, to November 30, 2028	1.00
December 1, 2028, and thereafter	0.00

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 117,987	\$ 117,987
2021	-	121,013	121,013
2023	-	121,013	121,013
2024	-	121,013	121,013
2025	-	121,013	121,013
2026 - 2030	40,000	603,563	643,563
2031 - 2035	170,000	581,313	751,313
2036 - 2040	355,000	521,313	876,313
2041 - 2045	615,000	407,181	1,022,181
2046 - 2050	1,195,000	214,994	1,409,994
Total	<u>\$ 2,375,000</u>	<u>\$ 2,930,400</u>	<u>\$ 5,305,400</u>

The annual debt service requirements on the Subordinate Bonds are not included in the schedule above since they are payable only from available Subordinate Pledged Revenue.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2019 Election	Authorization Used Series 2020	Remaining at December 31, 2020
Public Improvements	\$ 60,000,000	\$ 2,602,000	\$ 57,398,000
Operations and Maintenance	6,000,000	-	6,000,000
Private Agreements	6,000,000	-	6,000,000
In-District Special Assessment	6,000,000	-	6,000,000
Intergovernmental Agreements	6,000,000	-	6,000,000
Refunding	60,000,000	-	60,000,000
Total	<u>\$ 144,000,000</u>	<u>\$ 2,602,000</u>	<u>\$ 141,398,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$6,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

NOTE 6 NET POSITION

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

The restricted net position includes assets 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 had a restricted net position as of December 31, 2020, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,100
Capital Projects	19
Total Restricted Net Position	<u>\$ 1,119</u>

The District has a deficit in unrestricted net position. This deficit is primarily due to costs of debt issuance, and operating expenses paid by advances from Developer.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund was to provide initial funding of capitalized interest and the Senior Reserve Fund per the terms of the of the Series 2020 Bonds.

NOTE 8 AGREEMENTS

Cooperation Agreement

The District is located within the I-70/Kipling Corridors Urban Renewal Area (the Urban Renewal Area) created by the Wheat Ridge Urban Renewal Authority (the Authority) pursuant to the I-70/Kipling Corridors Urban Renewal Plan (the Urban Renewal Plan) adopted on August 10, 2009. The Urban Renewal Plan has an effective date of December 15, 2015. The Urban Renewal Plan states that taxes, if any, levied after the effective date of December 15, 2015, upon the Urban Renewal Area shall be divided for a period not to exceed 25 years from the effective date of the Urban Renewal Plan and that a portion of property tax revenues shall be allocated to and paid into a special fund of the Authority, to pay the principal of, interest on, and any premiums due in connection with any bonds, loans, or indebtedness incurred by the Authority.

Accordingly, until 2040, property tax revenues collected as a result of the District's mill levies upon the incremental value of property within the District are payable to the Authority. However, the District and the Authority entered into a Cooperation Agreement effective October 1, 2019, pursuant to which the Authority agrees to remit any revenues collected from the District's mill levy upon the tax increment portion of the District's assessed valuation back to the District.

Intergovernmental Agreement with the City of Wheat Ridge

Pursuant to the Intergovernmental Agreement with the city of Wheat Ridge (City) dated August 26, 2019, the District shall dedicate the Public Improvements, as defined in the Service Plan, to the City or other appropriate jurisdiction or owners association in a manner consistent with the approved development plans and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized to operate and maintain any part or all of the Public Improvements which are not dedicated to the City or other public entity The Agreement also restates and affirms certain of the obligations and limitations set forth in the District's Service Plan.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RELATED PARTIES

The property within the District is being developed by Hance Ranch Station, LLC (Developer). During 2020, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Public Improvements Acquisition and Reimbursement Agreement

The District and the Developer entered into a Public Improvements Acquisition and Reimbursement Agreement on December 11, 2019. Pursuant to the agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the property within the boundaries of the District, subject to the limitations set forth in the Service Plan and the Special District Act.

Pursuant to the Agreement the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or twenty (20) years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of eight percent (8%) per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District. No payment is due until the District has adopted an Acceptance Resolution.

Funding and Reimbursement Agreement

The District and the Developer entered into a Funding and Reimbursement Agreement on November 13, 2019, for the purposes of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money, not to exceed an aggregate of \$200,000 through December 31, 2021. Thereafter, the Developer may agree to renew its obligations by providing written notice thereof to the District, in which case the termination date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 RELATED PARTIES (CONTINUED)

Funding and Reimbursement Agreement (Continued)

Pursuant to the Agreement the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or twenty (20) years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 8% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2020, outstanding advances under this Agreement totaled \$26,648 and accrued interest totaled \$-0-.

NOTE 10 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, 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.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATION

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.

On November 5, 2019, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

SUPPLEMENTARY INFORMATION

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 13	\$ 13
Total Revenues	-	13	13
EXPENDITURES			
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	13	13
OTHER FINANCING SOURCES (USES)			
Transfer from Other Funds	-	460,242	460,242
Total Other Financing Sources (Uses)	-	460,242	460,242
NET CHANGE IN FUND BALANCE	-	460,255	460,255
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 460,255	\$ 460,255

**HANCE RANCH 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	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Net Investment Income	\$ -	\$ 20	\$ 20	\$ -
Total Revenues	-	20	20	-
EXPENDITURES				
Accounting	-	1,653	1,653	-
Bond Issue Costs	-	291,050	276,770	14,280
Capital Outlay	-	2,901,184	1,117,141	1,784,043
Engineering	-	1,730	1,730	-
Total Expenditures	-	3,195,617	1,397,294	1,798,323
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,195,597)	(1,397,274)	1,798,323
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	2,901,184	1,117,141	(1,784,043)
Bond issuance - Series 2020A(3)	-	2,375,000	2,375,000	-
Bond premium - Series 2020A(3)	-	4,610	4,610	-
Bond issuance - Series 2020B(3)	-	227,000	227,000	-
Repay Developer Advance	-	(1,344,141)	(1,344,141)	-
Transfers to Other Fund	-	(460,242)	(460,242)	-
Total Other Financing Sources (Uses)	-	3,703,411	1,919,368	(1,784,043)
NET CHANGE IN FUND BALANCE	-	507,814	522,094	14,280
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 507,814	\$ 522,094	\$ 14,280

OTHER INFORMATION

**HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$2,375,000 General Obligation Limited Tax Bonds			
Series 2020A(3) Senior Bond Issue, Dated December 10, 2020			
Interest Rate 5.000% - 5.125%			
Year Ended	Interest Payable June 1 and December 1		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 117,987	\$ 117,987
2022	-	121,013	121,013
2023	-	121,013	121,013
2024	-	121,013	121,013
2025	-	121,013	121,013
2026	-	121,013	121,013
2027	-	121,013	121,013
2028	10,000	121,013	131,013
2029	10,000	120,513	130,513
2030	20,000	120,013	140,013
2031	20,000	119,013	139,013
2032	30,000	118,013	148,013
2033	30,000	116,513	146,513
2034	45,000	115,013	160,013
2035	45,000	112,763	157,763
2036	55,000	110,513	165,513
2037	60,000	107,763	167,763
2038	75,000	104,763	179,763
2039	75,000	101,013	176,013
2040	90,000	97,263	187,263
2041	95,000	92,763	187,763
2042	115,000	87,894	202,894
2043	120,000	82,000	202,000
2044	140,000	75,850	215,850
2045	145,000	68,675	213,675
2046	165,000	61,244	226,244
2047	175,000	52,788	227,788
2048	195,000	43,819	238,819
2049	205,000	33,825	238,825
2050	455,000	23,319	478,319
Total	<u>\$ 2,375,000</u>	<u>\$ 2,930,400</u>	<u>\$ 5,305,400</u>

**HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended <u>December 31,</u>	Prior Year Gross Assessed Valuation for Current Year Property Tax Levy	Prior Year Net Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
			General	Debt Service	Levied	Collected	
2020	\$ 457,562	\$ 457,562	75.524	0.000	\$ 34,557	33,809	97.84 %
Estimated for the Year Ending December 31, 2021	\$ 576,002	\$ 550,975	25.174	60.419	\$ 47,159		