

**HERITAGE RIDGE METROPOLITAN DISTRICT
LARMIER COUNTY, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2019



Crady, Puca & Associates

Certified Public Accountants & Consultants

**HERITAGE RIDGE METROPOLITAN DISTRICT
LARIMER COUNTY, COLORADO**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	i-ii
Basic Financial Statements:	
Government – wide Financial Statements:	
Statement of Net Position.....	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities.....	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	7
Notes to Financial Statements.....	8-21
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Fund	22
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	23



INDEPENDENT AUDITORS' REPORT

Board of Directors
Heritage Ridge Metropolitan District
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Heritage Ridge Metropolitan District (the "District") as of and for the year ended December 31, 2019, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Heritage Ridge Metropolitan District as of December 31, 2019 and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 7 in the financial statements, the beginning net position was restated due to correction of errors related to cost certification correction. Our opinion was not modified with respect to the restatement.

Other-Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedules on pages 22 and 23 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
August 26, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HERITAGE RIDGE METROPOLITAN DISTRICT
Statement of Net Position
December 31, 2019

	<u>Total Governmental Activities</u>
Assets:	
Cash and investments	\$ 13,412
Accounts receivable - residents	3,780
Due from county treasurer	2,261
Due from developer	18,181
Property tax receivable	664,652
Deposits	700
Cash and investments - restricted	94,817
Capital assets:	
Non-depreciable	943,620
Depreciable, net	4,962,612
Total assets	<u>6,704,035</u>
Liabilities:	
Accounts payable	26,398
Accrued interest	509,271
Bonds and developer payables:	
Due within one year	60,000
Due in more than one year	15,920,000
Total liabilities	<u>16,515,669</u>
Deferred inflows of resources:	
Unavailable revenue - prepaid assessments	3,031
Unavailable revenue - property taxes	664,652
Total deferred inflows of resources	<u>667,683</u>
Net position:	
Net investment in capital assets	-
Restricted for emergencies	4,503
Restricted for operations	765
Restricted for debt service	96,595
Unrestricted	(10,581,180)
Total net position	<u>\$ (10,479,317)</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Statement of Activities
For the Year Ended December 31, 2019

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Accounting and audit	\$ 9,450
Legal	36,782
Insurance and bonds	6,344
Dues	650
Treasurer fees	5,768
Other administration	13,821
District management services	69,032
Utilities	37,054
Landscape and maintenance	120,441
Office and pool supplies	10,014
Conveyance of infrastructure	10,075,264
Depreciation	127,088
Interest on long-term debt	1,216,419
Bond issuance costs	133,209
Total expenditures	<u>11,861,336</u>
Program Revenues:	
Homeowner assessments	49,247
Total program revenues	<u>49,247</u>
Capital Grants and Contributions:	
Developer contributions	1,714,173
Total grants and contributions	<u>1,714,173</u>
Net program expense	(10,097,916)
General Revenues:	
Property and specific ownership taxes	314,877
Interest income	3,118
Fees and fines	7,350
Miscellaneous	390
Total general revenues	<u>325,735</u>
Special Item:	
Forgiveness of debt and interest	1,193,509
Change in net position	<u>(8,578,672)</u>
Net position, beginning of year, restated (Note 7)	<u>(1,900,645)</u>
Net position, end of year	<u>\$ (10,479,317)</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

HERITAGE RIDGE METROPOLITAN DISTRICT
Balance Sheet
Governmental Funds
December 31, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	\$ 13,412	\$ -	\$ -	\$ -	\$ 13,412
Accounts receivable homeowners	510	3,270	-	-	3,780
Due from other funds	8,571	-	-	-	8,571
Due from county treasurer	483	-	-	1,778	2,261
Due from developer	-	18,181	-	-	18,181
Property tax receivable	141,087	-	-	523,565	664,652
Deposits	700	-	-	-	700
Cash and investments - restricted	-	-	-	94,817	94,817
Total assets	<u>\$ 164,763</u>	<u>\$ 21,451</u>	<u>\$ -</u>	<u>\$ 620,160</u>	<u>\$ 806,374</u>
Liabilities:					
Accounts payable	\$ 17,734	\$ 8,664	\$ -	\$ -	\$ 26,398
Due to other funds	-	8,571	-	-	8,571
Total liabilities	<u>17,734</u>	<u>17,235</u>	<u>-</u>	<u>-</u>	<u>34,969</u>
Deferred inflows of resources:					
Unavailable revenue - prepaid assessments	1,825	1,206	-	-	3,031
Unavailable revenue - property taxes	141,087	-	-	523,565	664,652
Total deferred inflows of resources	<u>142,912</u>	<u>1,206</u>	<u>-</u>	<u>523,565</u>	<u>667,683</u>
Fund balance:					
Restricted:					
Emergencies	2,258	2,245	-	-	4,503
Special revenue fund	-	765	-	-	765
Debt services	-	-	-	96,595	96,595
Unassigned	1,859	-	-	-	1,859
Total fund balance	<u>4,117</u>	<u>3,010</u>	<u>-</u>	<u>96,595</u>	<u>103,722</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 164,763</u>	<u>\$ 21,451</u>	<u>\$ -</u>	<u>\$ 620,160</u>	<u>\$ 806,374</u>
Amounts reported for governmental activities in the statement of net position are different because:					
Total fund balance - governmental funds					\$ 103,722
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.					5,906,232
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.					<u>(16,489,271)</u>
Net position of governmental activities					<u>\$ (10,479,317)</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Property tax	\$ 61,486	\$ -	\$ -	\$ 226,587	\$ 288,073
Specific ownership tax	5,721	-	-	21,083	26,804
Homeowner assessments	-	49,247	-	-	49,247
Fees and fines	7,350	-	-	-	7,350
Interest income	328	-	-	2,790	3,118
Developer contribution	-	25,577	-	134,000	159,577
Miscellaneous income	390	-	-	-	390
Total revenues	<u>75,275</u>	<u>74,824</u>	<u>-</u>	<u>384,460</u>	<u>534,559</u>
Expenditures:					
Current:					
General government:					
Accounting and audit	9,450	-	-	-	9,450
Legal	36,782	-	-	-	36,782
Insurance and bonds	4,309	2,035	-	-	6,344
Dues	650	-	-	-	650
Treasurer fees	1,231	-	-	4,537	5,768
Other administration	10,321	-	-	3,500	13,821
District management services	30,000	39,032	-	-	69,032
Utilities	27,909	9,145	-	-	37,054
Landscape and maintenance	73,488	11,588	-	-	85,076
Office and pool supplies	-	10,014	-	-	10,014
Debt service:					
Principal	-	-	-	20,000	20,000
Interest	-	-	-	1,079,889	1,079,889
Bond issuance costs	-	-	-	133,209	133,209
Capital outlay	-	-	1,846,449	-	1,846,449
Total expenditures	<u>194,140</u>	<u>71,814</u>	<u>1,846,449</u>	<u>1,241,135</u>	<u>3,353,538</u>
Excess of revenue over (under) expenditures	<u>(118,865)</u>	<u>3,010</u>	<u>(1,846,449)</u>	<u>(856,675)</u>	<u>(2,818,979)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	-	12,350,000	12,350,000
Advance on developer debt	125,625	-	1,850,420	-	1,976,045
Repayment of developer debt	-	-	-	(11,482,097)	(11,482,097)
Total other financing sources (uses)	<u>125,625</u>	<u>-</u>	<u>1,850,420</u>	<u>867,903</u>	<u>2,843,948</u>
Net change in fund balance	6,760	3,010	3,971	11,228	24,969
Fund balance, beginning of year	<u>(2,643)</u>	<u>-</u>	<u>(3,971)</u>	<u>85,367</u>	<u>78,753</u>
Fund balance, end of year	<u>\$ 4,117</u>	<u>\$ 3,010</u>	<u>\$ -</u>	<u>\$ 96,595</u>	<u>\$ 103,722</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

	Total Governmental Funds
	<hr/>
Net change in fund balance of the governmental funds	\$ 24,969
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and conveyed capital exceed capital outlay and contributed capital.	(6,836,672)
Some special items reported in the statement of activities do not provide current financial resources and therefore, are not reported as revenue in the governmental funds.	1,193,509
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.	(2,823,948)
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 the governmental funds.	<u>(136,530)</u>
Change in net position of governmental activities	<u>\$ (8,578,672)</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Property tax	\$ 66,133	\$ 66,073	\$ 61,486	\$ (4,587)
Specific ownership tax	3,324	5,700	5,721	21
Interest income	300	89	328	239
Fines and fees	4,000	7,500	7,350	(150)
Other income	-	1,240	390	(850)
Total revenues	<u>73,757</u>	<u>80,602</u>	<u>75,275</u>	<u>(5,327)</u>
Expenditures:				
General government:				
Accounting and audit	10,500	9,450	9,450	-
Legal	27,000	33,000	36,782	(3,782)
District management	24,000	30,000	30,000	-
Insurance and bonds	3,919	4,309	4,309	-
Dues	-	-	650	(650)
Treasurer fees	1,323	1,323	1,231	92
Landscape and maintenance	49,799	67,899	73,488	(5,589)
Utilities	15,300	29,674	27,909	1,765
Other administration	6,500	11,700	10,321	1,379
Contingency	4,125	-	-	-
Total expenditures	<u>142,466</u>	<u>187,355</u>	<u>194,140</u>	<u>(6,785)</u>
Excess of revenues over (under) expenditures	<u>(68,709)</u>	<u>(106,753)</u>	<u>(118,865)</u>	<u>(12,112)</u>
Other financing sources (uses):				
Developer advances	68,709	125,625	125,625	-
Total other financing sources (uses)	<u>68,709</u>	<u>125,625</u>	<u>125,625</u>	<u>-</u>
Net change in fund balance	-	18,872	6,760	(12,112)
Fund balance, beginning of year	-	(2,641)	(2,643)	(2)
Fund balance, end of year	<u>\$ -</u>	<u>\$ 16,231</u>	<u>\$ 4,117</u>	<u>\$ (12,114)</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Homeowner assessments	\$ 74,200	\$ 49,442	\$ 49,247	\$ (195)
Developer contribution	-	42,331	25,577	(16,754)
Total revenues	<u>74,200</u>	<u>91,773</u>	<u>74,824</u>	<u>(16,949)</u>
Expenditures:				
General government:				
District management services	25,000	41,198	39,032	2,166
Insurance and bonds	4,000	2,035	2,035	-
Landscape and maintenance	11,000	26,000	11,588	14,412
Utilities	19,200	16,449	9,145	7,304
Pool supplies	5,000	6,091	10,014	(3,923)
Contingency	10,000	-	-	-
Total expenditures	<u>74,200</u>	<u>91,773</u>	<u>71,814</u>	<u>19,959</u>
Net change in fund balance	-	-	3,010	3,010
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,010</u>	<u>\$ 3,010</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Heritage Ridge Metropolitan District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). 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 such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District was organized in November 2015, under State of Colorado Statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes) for the overall purpose of the development of a residential community known as Heritage Ridge located in Larimer County, Colorado.

The District's service area, which consists of approximately 146 acres of land, is located in the Town of Berthoud, Colorado. Under the Service Plan, the District was formed to provide for the planning, designing, financing, acquiring, constructing and installing of public improvements as defined in the Service Plan. The District is to convey the completed public improvements, other than parks and recreation, to the Town of Berthoud, Colorado or other governmental entities. Any public improvements not conveyed to the Town of Berthoud, Colorado or other governmental entities may be conveyed to an owners' association.

The District complies with GASB, Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 24 and No. 34" and GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". These statements establish standards for defining and reporting on the financial reporting entity. It defines component units as legally separate entities for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has no component units as defined by the GASB.

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

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property taxes, assessments, and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

The fund financial statements provide information about the government's funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *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 available if they are collected within 60 days of the end of the current fiscal period except for homeowner pool fees and developer advances receivable. Pool fees are recognized as revenues when the assessment is incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Special Revenue Fund – accounts for fees received from customers for the pool and are required to be used only for administration and maintenance of the pool and amenity center.

Capital Fund – accounts for financial resources to be used for the acquisition and construction of capital facilities and other capital assets.

Debt Service Fund – accounts for the collections and payments of the District's debt resources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

1. Summary of Significant Accounting Policies (continued)

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

Deposits and Investments

Investments held in local government investment pools are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its 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 market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. At December 31, 2019, the District did not hold any investments required to be reported under fair value.

Accounts Receivables

Accounts receivables consist of homeowner fees as of December 31, 2019. The District considers all accounts receivable collectible as of December 31, 2019.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property 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. These amounts are recorded as revenue in the subsequent year when they are available or collected.

1. **Summary of Significant Accounting Policies (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include pool and clubhouse, fencing, irrigation and landscape and trails, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Pool and clubhouse	30
Fencing	20
Irrigation	20
Landscape and trails	30

During 2019, the District conveyed \$10,075,265 of capital assets to other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. In the current year, the District did not have any items in this reporting category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as inflow of resources (revenue) until that time frame. The District has two items that qualify for reporting in this category, unavailable revenue – property taxes and unavailable – prepaid assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

1. **Summary of Significant Accounting Policies (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end. At December 31, 2019, the District's expenditures exceeded appropriations in the amount of \$6,785.

HERITAGE RIDGE METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2019

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined 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 also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants, and sales of assets). The District has reserved a portion of its December 31, 2019 yearend fund balance in the General Fund and Special Revenue Fund for emergencies as required under TABOR totaling \$4,503, which is the approximate required reserve.

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

At December 31, 2019, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 13,412
Cash and investments - restricted	<u>94,817</u>
	<u>\$ 108,229</u>

The following is a summary of deposits and investments held by the District at December 31, 2019:

<u>Type</u>	<u>Ratings per Standards & Poor's</u>	<u>Total as of December 31, 2019</u>
Deposits		\$ 106,228
COLOTRUST PLUS+	AAAm	<u>2,001</u>
Total		<u>\$ 108,229</u>

3. **Detailed Notes on the Funds (continued)**

Cash Deposits

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 a minimum of 102% of the aggregate uninsured deposits.

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

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments.

At December 31, 2019, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers two investment options: COLOTRUST PRIME and COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period.

Custodial Credit Risk: At December 31, 2019, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: Colorado Revised Statutes (CRS) limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

HERITAGE RIDGE METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2019

3. Detailed Notes on the Funds (continued)

Investments (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The District funds held in money market funds of \$94,817 are unrated. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pools

Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance- restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 12,743,597	\$ 1,873,526	\$ (14,617,123)	\$ -
Land	-	319,995	-	319,995
Irrigation water shares	-	620,625	-	620,625
Easements	-	3,000	-	3,000
Capital assets, not being depreciated	<u>12,743,597</u>	<u>2,817,146</u>	<u>(14,617,123)</u>	<u>943,620</u>
Capital assets being depreciated:				
Pool and Clubhouse	-	1,168,466	-	1,168,466
Fencing	-	377,270	-	377,270
Irrigation	-	881,255	-	881,255
Landscape and trails	-	2,662,709	-	2,662,709
Total capital assets being depreciated	<u>-</u>	<u>5,089,700</u>	<u>-</u>	<u>5,089,700</u>
Less accumulated depreciation for:				
Pool and Clubhouse	-	(25,966)	-	(25,966)
Fencing	-	(12,576)	-	(12,576)
Irrigation	-	(29,375)	-	(29,375)
Landscape and trails	-	(59,171)	-	(59,171)
Total accumulated depreciation	<u>-</u>	<u>(127,088)</u>	<u>-</u>	<u>(127,088)</u>
Capital assets being depreciated, net	<u>-</u>	<u>4,962,612</u>	<u>-</u>	<u>4,962,612</u>
Capital assets being depreciated, net	<u>\$ 12,743,597</u>	<u>\$ 7,779,758</u>	<u>\$ (14,617,123)</u>	<u>\$ 5,906,232</u>

Depreciation expense of \$127,088 was charged to the general government.

HERITAGE RIDGE METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2019

3. Detailed Notes on the Funds (continued)

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2019 are as follows:

	Beginning Balance, Restated	Additions	Deletions	Ending Balance	Due Within One Year
Series 2018 Note	\$ 3,650,000	\$ -	\$ (20,000)	\$ 3,630,000	\$ 60,000
Series 2019 GO Bonds	-	12,350,000	-	12,350,000	-
Developer Debt – FFAA	10,385,568	1,850,422	(12,235,990)	-	-
Developer Debt – OFA	259,121	125,625	(384,746)	-	-
Governmental activities long-term debt	<u>\$ 14,294,689</u>	<u>\$ 14,326,047</u>	<u>\$ (12,640,736)</u>	<u>\$ 15,980,000</u>	<u>\$ 60,000</u>

Limited Tax General Obligation Note, Series 2018

On May 3, 2018, the District entered into a Limited Tax General Obligation Note, Series 2018 (“Series 2018 Note”) in the amount of \$3,650,000 with a financial institution. The proceeds of the Series 2018 Note were used to reimburse the Developer for certain advances made under the funding agreement, fund the 2018 loan reserve amount of \$60,000, and pay for certain costs of issuance. The Series 2018 Note matures May 1, 2025 and bears an annual interest rate of 4.5% calculated on the basis of a 360-day year and actual number of days elapsed which is payable semiannually on each June 1 and December 1, commencing on December 1, 2018.

The Series 2018 Note is subject to mandatory sinking fund redemption commencing on December 1, 2019. The Series 2018 Note is secured by pledged revenue which includes Ad Valorem Taxes, mill levy difference, and specific ownership taxes generated by pledged revenue. Minimum mill levy shall not be less than nor more than 50 mills, adjusted for changes in the method of calculating assessed valuations. The Series 2018 Note contains a mandatory prepayment clause.

At December 31, 2019, \$34,753 was in the Mill levy difference fund and \$60,064 was in the Loan Reserve Fund.

Subordinate Taxable Limited Tax GO Bonds, Series 2019

On July 1, 2019, the District issued \$12,350,000 of Subordinated Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Bonds, Series 2019 (“Series 2019 GO Bonds”) as direct placement debt in exchange for the acquisition of public improvements from the Developer. The Series 2019 GO Bonds may be converted into Tax-Exempt Bonds. In connection with this issuance, the Developer terminated any obligation of the District under the funding agreements to reimburse principal and interest owed currently thereunder or to reimburse the Developer for operating and capital advances made in the future.

The Series 2019 GO Bonds mature December 15, 2058 and bear an annual interest rate of 8.75% calculated on the basis of a 360-day year which is payable on each December 15 commencing on December 15, 2019. Principal payments not paid when due, shall remain outstanding until the termination date of December 16, 2058, and shall bear interest at the rate then borne by the Series 2019 GO Bonds.

3. Detailed Notes on the Funds (continued)

Subordinate Taxable Limited Tax GO Bonds, Series 2019 (continued)

The Series 2019 GO Bonds are subject to mandatory redemption commencing on December 15, 2019 from moneys in the Subordinate Bond Fund. The Series 2019 GO Bonds are subject to redemption prior to maturity on and after May 1, 2025, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities upon payment of par, with no redemption premium, plus accrued interest to the redemption date.

The Series 2019 GO Bonds are payable from a limited debt service mill levy which shall not exceed 50 mills payable solely from Subordinate Pledged Revenue to include Ad Valorem property taxes from subordinated required mill levy, the portion of specific ownership tax which is collected as a result of the subordinate mill levy, and any other legal available monies the District determines, at its sole election.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2018 Note. Because of the uncertainty of the timing of the principal and interest payments on the Series 2019 GO Bonds, no schedule of principal and interest payment is presented for these bonds.

Year Ending December 31,	Principal	Interest	Total
2020	\$ 60,000	\$ 165,619	\$ 225,619
2021	70,000	162,881	232,881
2022	75,000	159,688	234,688
2023	85,000	156,266	241,266
2024	95,000	152,388	247,388
2025	3,245,000	61,655	3,306,655
Total	\$ 3,630,000	\$ 858,497	\$ 4,488,497

At December 31, 2019, the District had total authorized debt of \$208,000,000 of which \$16,000,000 has been issued, leaving an authorized but unissued balance of \$192,000,000. Per the District's Service Plan, the District cannot issue debt in excess of \$16,000,000 without the approval of the Town leaving zero authorized but unissued debt per the service plan.

Developer Advances – Facilities Funding and Acquisition Agreement and Operation Funding Agreement

On December 7, 2015, the District and Heritage Ridge I, LLC (the "Developer") entered into a Facilities Funding and Acquisition Agreement, as amended by that First Amendment dated February 12, 2016, as amended by that Second Amendment dated July 12, 2016, as amended by that Third Amendment dated September 13, 2016, as amended by that Fourth Amendment dated March 2017, and as further amended and restated in its entirety on March 15, 2018 by the Amended and Restated Facilities Funding and Acquisition Agreement, as amended by the First Amendment dated May 16, 2019 ("FFAA"), pursuant to which the Developer agreed to make advances not to exceed \$17,125,462 to the District for the following purposes: organization expenses and public improvements. Interest on the funds advanced or to pay for improvements accrues at eight percent (8%) per annum. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances.

3. Detailed Notes on the Funds (continued)

Developer Advances – Facilities Funding and Acquisition Agreement and Operation Funding Agreement (continued)

On December 7, 2015, the District and the Developer entered into an Operation Funding Agreement, as amended by that First Amendment dated February 12, 2016, and amended by that Second Amendment dated February 14, 2017, and as further amended and restated in its entirety on March 15, 2018 (“OFA”), whereby the Developer agreed to advance funds necessary to fund or directly pay the District’s operations and maintenance expenses for fiscal years 2015 through 2018, up to \$369,064. The District agreed to repay the advances together with accrued interest at the rate of eight percent (8%) per annum accruing from the date of deposit into the District’s accounts or from the date of direct payment by the Developer to the District’s consultants.

On July 1, 2019 the District entered into an Assignment and Satisfaction Agreement with the Developer (“Satisfaction Agreement”) in connection with the issuance of the Series 2019 GO Bonds. Under this agreement, the District reimbursed the Developer for \$12,350,000 of the amount due on the FFAA agreement and the Developer agreed to terminate the District’s Obligation to reimburse the Developer for any amounts due under the FFAA in excess of the par amount of the Series 2019 GO Bonds and to terminate the District’s obligation to reimburse the Developer for any amounts due under the OFA agreement. The total amount forgiven under the Satisfaction Agreement for 2019 amounted to \$1,193,509.

Interfund Receivables and Payables

The outstanding balances between the general fund and the special revenue fund of \$8,571 results mainly from the time lag between the dates that the (1) transactions are recorded in the accounting system and 2) payments between the funds are made.

4. Related Party

All members of the Board of Directors are associated with the 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. The District terminated the funding agreements with the Developer, see Note 3. However, as part of the issuance of the Series 2019 GO Bonds, the owners of the private placements bonds are related to the Developer.

5. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“the Pool”). The Pool 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.

HERITAGE RIDGE METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2019

5. Risk Management (continued)

The District pays annual premiums to the Pool for auto, public official's liability, 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. During the year ended December 31, 2019, the Pool has made no distributions nor required additional contributions from the District.

6. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position.

Capital assets of \$6,033,320, less accumulated depreciation of \$127,088 or a net book value of \$5,906,232 are not financial resources and therefore are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

Bonds payable	\$ (12,350,000)
Notes payable	(3,630,000)
Accrued interest on bonds and developer debt	(509,271)
Net adjustment	<u>\$ (16,489,271)</u>

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense – district services	\$ (127,088)
Conveyance of infrastructure	(10,075,264)
Contributed capital	1,554,596
Capital outlay	1,811,084
Net adjustment	<u>\$ (6,836,672)</u>

HERITAGE RIDGE METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2019

6. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Another element of the reconciliation states "some special items in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds." The difference is due to forgiveness of debt of \$1,193,509.

The issuance of long-term debt (e.g. bonds payable) 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. The details of the difference are as follows:

Debt issued or incurred:		
General obligation bonds	\$	12,350,000
Developer debt		1,976,047
Repayments:		
Note payable		(20,000)
Developer debt		(11,482,099)
Net adjustment	\$	<u>2,823,948</u>

Another element of the reconciliation states that "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." The difference is due to additional accrued interest on the note payable and general obligation bonds of (\$136,530).

7. Prior Period Adjustment

The District determined that the original cost certification was overstated and therefore, a revised cost certification was completed. As a result, the District had overstated construction in progress and related debt at December 31, 2018. Therefore, this activity was corrected in the current year. The effect of this error on beginning net position was as follows:

		2018
Beginning of the year, as previously reported	\$	<u>(1,968,265)</u>
Decrease in accrued interest expense		67,620
Beginning of the year, as restated	\$	<u>(1,900,645)</u>

The total effect of these entries on the 2018 Statement of Net Position was as follows:

	2018 Original	Restatement	2018 Restated
Capital assets, non-depreciable	\$ 14,040,910	\$ (1,297,313)	\$ 12,743,597
Developer Debt, FFAA	11,682,881	(1,297,313)	10,385,568

SUPPLEMENTARY INFORMATION

HERITAGE RIDGE METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other income	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital Outlay	3,000,000	1,846,449	1,153,551
Total expenditures	<u>3,000,000</u>	<u>1,846,449</u>	<u>1,153,551</u>
Excess of revenues over (under) expenditures	<u>(3,000,000)</u>	<u>(1,846,449)</u>	<u>1,153,551</u>
Other financing sources (uses):			
Developer advances	3,000,000	1,850,420	(1,149,580)
Transfers in	-	-	-
Total other financing sources (uses)	<u>3,000,000</u>	<u>1,850,420</u>	<u>(1,149,580)</u>
Net change in fund balance	-	3,971	3,971
Fund balance, beginning of year	<u>-</u>	<u>(3,971)</u>	<u>(3,971)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

HERITAGE RIDGE METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Property tax	\$ 243,715	\$ 243,491	\$ 226,587	\$ (16,904)
Specific ownership tax	10,485	20,451	21,083	632
Interest income	-	2,500	2,790	290
Total revenues	<u>254,200</u>	<u>266,442</u>	<u>250,460</u>	<u>(15,982)</u>
Expenditures:				
General government:				
Treasurer fees	4,874	4,870	4,537	333
Other administration	-	3,500	3,500	-
Debt service:				
Principal	20,000	66,205	20,000	46,205
Interest	166,532	214,336	1,079,889	(865,553)
Bond issuance costs	-	133,209	133,209	-
Total expenditures	<u>191,406</u>	<u>422,120</u>	<u>1,241,135</u>	<u>(819,015)</u>
Excess of revenues over (under) expenditures	<u>62,794</u>	<u>(155,678)</u>	<u>(990,675)</u>	<u>(834,997)</u>
Other financing sources (uses):				
Developer contribution	-	-	134,000	134,000
General obligation bonds issued	-	12,484,000	12,350,000	(134,000)
Repayment of developer advances	-	(12,350,000)	(11,482,097)	867,903
Total other financing sources (uses)	<u>-</u>	<u>134,000</u>	<u>1,001,903</u>	<u>867,903</u>
Net change in fund balance	62,794	(21,678)	11,228	32,906
Fund balance, beginning of year	<u>85,367</u>	<u>-</u>	<u>85,367</u>	<u>85,367</u>
Fund balance, end of year	<u>\$ 148,161</u>	<u>\$ (21,678)</u>	<u>\$ 96,595</u>	<u>\$ 118,273</u>

The accompanying notes are an integral part of this financial statement.