

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

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**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

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December 31, 2020



**Crady, Puca & Associates**

*Certified Public Accountants & Consultants*

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

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## 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, 2020, 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, 2020 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.

## ***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  
October 21, 2021

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**HERITAGE RIDGE METROPOLITAN DISTRICT**  
**Statement of Net Position**  
**December 31, 2020**

	<u><b>Total Governmental Activities</b></u>
<b>Assets:</b>	
Cash and investments	\$ 6,463
Accounts receivable - residents	11,572
Due from county treasurer	3,870
Due from developer	31,199
Property tax receivable	768,791
Prepays	570
Cash and investments - restricted	85,045
Capital assets:	
Non-depreciable	1,379,055
Depreciable, net	4,771,981
<b>Total assets</b>	<u><b>7,058,546</b></u>
<b>Liabilities:</b>	
Accounts payable	29,238
Accrued interest	1,347,076
Bonds and developer payables:	
Due within one year	70,000
Due in more than one year	15,761,998
<b>Total liabilities</b>	<u><b>17,208,312</b></u>
<b>Deferred inflows of resources:</b>	
Unavailable revenue - prepaid assessments	2,364
Unavailable revenue - property taxes	768,791
<b>Total deferred inflows of resources</b>	<u><b>771,155</b></u>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for emergencies	7,404
Restricted for operations	9,685
Restricted for debt service	84,860
Unrestricted	(11,022,870)
<b>Total net position</b>	<u><u><b>\$ (10,920,921)</b></u></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, 2020**

	<b>Total Governmental Activities</b>
<b>Expenditures:</b>	
Governmental activities:	
Audit	\$ 6,000
Legal	29,393
Insurance	10,774
Paying agent fees	4,250
Design review fees	4,600
Election	3,281
Treasurer fees	13,205
District management and accounting	25,199
Pool management and hosts	13,711
Utilities	58,078
Landscape and maintenance	57,127
Pool maintenance and supplies	18,619
Office and administration	2,084
Depreciation	190,631
Interest on long-term debt	1,244,752
<b>Total expenditures</b>	<u>1,681,704</u>
<b>Program Revenues:</b>	
Homeowner pool fees	<u>59,120</u>
<b>Total program revenues</b>	<u>59,120</u>
<b>Capital Grants and Contributions:</b>	
Developer contributions	<u>466,634</u>
<b>Total grants and contributions</b>	<u>466,634</u>
Net program expense	(1,155,950)
<b>General Revenues:</b>	
Property and specific ownership taxes	707,700
Fees and fines	6,085
Interest income	527
Other income	34
<b>Total general revenues</b>	<u>714,346</u>
<b>Change in net position</b>	(441,604)
<b>Net position, beginning of year</b>	<u>(10,479,317)</u>
<b>Net position, end of year</b>	<u>\$ (10,920,921)</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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and investments	\$ 6,463	\$ -	\$ -	\$ -	\$ 6,463
Accounts receivable homeowners	585	10,987	-	-	11,572
Due from county treasurer	821	-	-	3,049	3,870
Due from developer	31,199	-	-	-	31,199
Property tax receivable	163,193	-	-	605,598	768,791
Prepays	570	-	-	-	570
Cash and investments - restricted	-	3,234	-	81,811	85,045
<b>Total assets</b>	<u>\$ 202,831</u>	<u>\$ 14,221</u>	<u>\$ -</u>	<u>\$ 690,458</u>	<u>\$ 907,510</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 28,870	\$ 368	\$ -	\$ -	\$ 29,238
<b>Total liabilities</b>	<u>28,870</u>	<u>368</u>	<u>-</u>	<u>-</u>	<u>29,238</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - prepaid assessments	-	2,364	-	-	2,364
Unavailable revenue - property taxes	163,193	-	-	605,598	768,791
<b>Total deferred inflows of resources</b>	<u>163,193</u>	<u>2,364</u>	<u>-</u>	<u>605,598</u>	<u>771,155</u>
<b>Fund balance:</b>					
Nonspendable	570	-	-	-	570
Restricted:					
Emergencies	5,600	1,804	-	-	7,404
Debt services	-	-	-	84,860	84,860
Committed:					
Special revenue fund	-	9,685	-	-	9,685
Unassigned	4,598	-	-	-	4,598
<b>Total fund balance</b>	<u>10,768</u>	<u>11,489</u>	<u>-</u>	<u>84,860</u>	<u>107,117</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 202,831</u>	<u>\$ 14,221</u>	<u>\$ -</u>	<u>\$ 690,458</u>	<u>\$ 907,510</u>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>					
Total fund balance - governmental funds					\$ 107,117
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.					6,151,036
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.					<u>(17,179,074)</u>
<b>Net position of governmental activities</b>					<u>\$ (10,920,921)</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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property tax	\$ 140,113	\$ -	\$ -	\$ 519,949	\$ 660,062
Specific ownership tax	10,112	-	-	37,526	47,638
Homeowner pool fees	-	59,120	-	-	59,120
Fees and fines	5,085	1,000	-	-	6,085
Interest income	118	18	-	391	527
Developer contribution	31,199	-	435,435	-	466,634
Other income	34	-	-	-	34
<b>Total revenues</b>	<u>186,661</u>	<u>60,138</u>	<u>435,435</u>	<u>557,866</u>	<u>1,240,100</u>
<b>Expenditures:</b>					
Current:					
General government:					
Audit	6,000	-	-	-	6,000
Legal	29,393	-	-	-	29,393
Insurance	4,457	6,317	-	-	10,774
Paying agent fees	-	-	-	4,250	4,250
Design review fees	4,600	-	-	-	4,600
Election	3,281	-	-	-	3,281
Treasurer fees	2,803	-	-	10,402	13,205
District management and accounting	25,199	-	-	-	25,199
Pool management and hosts	-	13,711	-	-	13,711
Utilities	45,066	13,012	-	-	58,078
Landscape and maintenance	57,127	-	-	-	57,127
Pool maintenance and supplies	-	18,619	-	-	18,619
Office and administration	2,084	-	-	-	2,084
Debt service:					
Principal	-	-	-	148,002	148,002
Interest	-	-	-	406,947	406,947
Capital outlay:	-	-	435,435	-	435,435
<b>Total expenditures</b>	<u>180,010</u>	<u>51,659</u>	<u>435,435</u>	<u>569,601</u>	<u>1,236,705</u>
<b>Net change in fund balance</b>	6,651	8,479	-	(11,735)	3,395
<b>Fund balance, beginning of year</b>	4,117	3,010	-	96,595	103,722
<b>Fund balance, end of year</b>	<u>\$ 10,768</u>	<u>\$ 11,489</u>	<u>\$ -</u>	<u>\$ 84,860</u>	<u>\$ 107,117</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, 2020**

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	<b>Total Governmental Funds</b>
	<u>                    </u>
<b>Net change in fund balance of the governmental funds</b>	<b>\$ 3,395</b>
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 capital outlay exceeds depreciation	244,804
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.	148,002
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>(837,805)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ (441,604)</u></b>

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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Property tax	\$ 141,087	\$ 138,183	\$ 140,113	\$ 1,930
Specific ownership tax	9,876	10,000	10,112	112
Interest income	-	(104)	118	222
Developer contribution	-	30,612	31,199	587
Fines and fees	4,000	3,300	5,085	1,785
Other income	-	34	34	-
<b>Total revenues</b>	<u>154,963</u>	<u>182,025</u>	<u>186,661</u>	<u>4,636</u>
<b>Expenditures:</b>				
General government:				
Audit	10,000	10,000	6,000	4,000
Legal	19,000	32,000	29,393	2,607
District management and accounting	24,000	24,000	25,199	(1,199)
Insurance	4,524	4,457	4,457	-
Design review fees	4,000	3,000	4,600	(1,600)
Election	1,500	3,281	3,281	-
Treasurer fees	2,822	2,764	2,803	(39)
Utilities	50,350	50,600	45,066	5,534
Landscape and maintenance	48,500	53,164	57,127	(3,963)
Office and administration	2,500	2,876	2,084	792
Contingency	1,000	-	-	-
<b>Total expenditures</b>	<u>168,196</u>	<u>186,142</u>	<u>180,010</u>	<u>6,132</u>
<b>Net change in fund balance</b>	(13,233)	(4,117)	6,651	10,768
<b>Fund balance, beginning of year</b>	<u>16,231</u>	<u>4,117</u>	<u>4,117</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,998</u>	<u>\$ -</u>	<u>\$ 10,768</u>	<u>\$ 10,768</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, 2020**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Homeowner pool fees	\$ 62,400	\$ 59,120	\$ (3,280)
Fees and fines	-	1,000	1,000
Interest income	-	18	18
<b>Total revenues</b>	<u>62,400</u>	<u>60,138</u>	<u>(2,262)</u>
<b>Expenditures:</b>			
General government:			
Pool management and hosts	17,400	13,711	3,689
Insurance	6,317	6,317	-
Utilities	19,000	13,012	5,988
Pool maintenance and supplies	17,500	18,619	(1,119)
Contingency	2,183	-	2,183
<b>Total expenditures</b>	<u>62,400</u>	<u>51,659</u>	<u>10,741</u>
<b>Net change in fund balance</b>	-	8,479	8,479
<b>Fund balance, beginning of year</b>	<u>3,516</u>	<u>3,010</u>	<u>(506)</u>
<b>Fund balance, end of year</b>	<u>\$ 3,516</u>	<u>\$ 11,489</u>	<u>\$ 7,973</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 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 and contributions. Pool fees are recognized as revenues when the assessment is incurred. Developer advances and contributions are recognized when earned per agreements. 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 Projects 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, 2020, 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, 2020. The District considers all accounts receivable collectible as of December 31, 2020.

**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

**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.

**HERITAGE RIDGE METROPOLITAN DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2020**

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**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, 2020 yearend fund balance in the General Fund and Special Revenue Fund for emergencies as required under TABOR totaling \$7,404, 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, 2020, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 6,463
Cash and investments - restricted	<u>85,045</u>
	<u>\$ 91,508</u>

The following is a summary of deposits and investments held by the District at December 31, 2020:

<u>Type</u>	<u>Ratings per Standards &amp; Poor's</u>	<u>Total as of December 31, 2020</u>
Deposits		\$ 90,203
COLOTRUST PLUS+	AAAm	<u>1,305</u>
Total		<u>\$ 91,508</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, 2020, 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, 2020, 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, 2020**

**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 \$60,002 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, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 319,995	\$ 435,435	\$ -	\$ 755,430
Irrigation water shares	620,625	-	-	620,625
Easements	3,000	-	-	3,000
Capital assets, not being depreciated	<u>943,620</u>	<u>435,435</u>	<u>-</u>	<u>1,379,055</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>5,089,700</u>	<u>-</u>	<u>-</u>	<u>5,089,700</u>
Less accumulated depreciation for:				
Pool and Clubhouse	(25,966)	(38,949)	-	(64,915)
Fencing	(12,576)	(18,864)	-	(31,440)
Irrigation	(29,375)	(44,061)	-	(73,436)
Landscape and trails	(59,171)	(88,757)	-	(147,928)
Total accumulated depreciation	<u>(127,088)</u>	<u>(190,631)</u>	<u>-</u>	<u>(317,719)</u>
<b>Capital assets being depreciated, net</b>	<u>4,962,612</u>	<u>(190,631)</u>	<u>-</u>	<u>4,771,981</u>
<b>Capital assets, net</b>	<u>\$ 5,906,232</u>	<u>\$ 244,804</u>	<u>\$ -</u>	<u>\$ 6,151,036</u>

Depreciation expense of \$190,631 was charged to the general government.

**HERITAGE RIDGE METROPOLITAN DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2020**

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

**Long-Term Obligations**

Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	<b>Beginning Balance, Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Direct placement and direct borrowings:</b>					
Series 2018 Note	\$ 3,630,000	\$ -	\$ (148,002)	\$ 3,481,998	\$ 70,000
Series 2019 Subordinate Bonds	12,350,000	-	-	12,350,000	-
Governmental activities long-term debt	\$ 15,980,000	\$ -	\$ (148,002)	\$ 15,831,998	\$ 70,000

**Authorized Debt**

At December 31, 2020, 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.

**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 a 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, 2020, the Loan Reserve Fund had a balance of \$60,000.



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

**Limited Tax General Obligation Note, Series 2018 (continued)**

Events of default as defined in the Series 2018 Note are 1) the failure of the District to pay principal, interest, or any other amount when due; 2) the default by the District in the performance or observance of any of the covenants, agreements, or conditions of the 2018 Loan Agreement and 2018 Note, and failure to remedy the same within 30 days after notice thereof pursuant to the agreements; 3) material untrue or incomplete representations or warranties made by the District in the 2018 Loan Agreement or in any other financing document or any certificate, instrument, financial or other statement furnished to the bank; 4) the failure of the District to impose the required mill levy or failure to pay required amounts per the custodial agreement; 5) the occurrence and continuance of an event of non-compliance under the resolution, custodial agreement or tax certificate after the allowed grace period or occurrence and continuance of an event of default, event of termination or event of nonperformance under any financing document other than as described in (1) above that based on the bank's reasonable judgement could have a material adverse effect on the District's ability to perform its obligations under the 2018 Loan Agreement or other financing documents; 6) the failure of the District to vacate, bond, stay, contest, pay, or satisfy within 60 days a judgement or court order for monies in excess of \$10,000 over insurance coverage; (7) the District initiates, acquiesces or consents to any proceedings to dissolve itself or to consolidate with another entity or otherwise cease to exist; 8) any event that in the bank's reasonable judgement will materially adversely impact the sufficiency of the pledged revenue to satisfy the District's obligations and the District fails to cure within six months notice; (9) the filing of a petition under federal bankruptcy laws or other applicable laws seeking to adjust District obligations represented by the Series 2018 Note; (10) the auditor of the District delivers a qualified opinion with respect to the District's status as a going concern; (11) any funds under the custodial agreement become subject to writ, judgment, warrant or attachment, execution or similar process; (12) any determination, decision, or decree is made to reduce or remove the non-taxability of the interest payable to the bank or any participant; (13) the transfer, sale, conveyance, or other disposition of District property which results in a material reduction of pledged revenue; and (14) the occurrence of events, which in the bank's judgement, results in an adverse change in the financial or operating condition of the District which could have a material adverse effect on the District's ability to perform its obligations under the 2018 Loan Agreement or other financing documents.

In the event of uncured default, the unpaid principal and accrued interest shall become due, subject to the annual payment limitations of the pledged revenues. Upon any event of default, the loan shall bear interest at the default rate. Remedies available in the event of default include a) transfer of funds on deposit in the loan reserve fund; b) exercise remedies under the custodial agreement; or c) take any other action or remedy available under financing documents or any other documents, or at law or in equity.

**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 Subordinate Bonds") as direct placement debt in exchange for the acquisition of public improvements from the Developer. The Series 2019 Subordinate Bonds may be converted into Tax-Exempt Bonds. In connection with this issuance, the Developer terminated certain obligations of the District under funding agreements to reimburse principal and interest owed thereunder or to reimburse the Developer for operating and capital advances made in the future.

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

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

The Series 2019 Subordinate 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 Subordinate Bonds.

The Series 2019 Subordinate Bonds are subject to mandatory redemption commencing on December 15, 2019 from moneys in the Subordinate Bond Fund. The Series 2019 Subordinate 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 Subordinate 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 legally available monies the District determines, at its sole election.

Events of default as defined in the Series 2019 Subordinate Bonds include 1) failure of the District to impose the subordinate required mill levy or to apply the subordinate pledged revenues under the resolution; 2) the default by the District in the performance or observance of any other of the covenants, and failure to remedy the same after notice thereof pursuant to the resolution; 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Series 2019 Subordinate Bonds. The failure to pay the principal of or interest on the Series 2019 Subordinate Bonds when due shall not, of itself, constitute an event of default.

Remedies available in the event of default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2019 Subordinate Bonds is not an available remedy for an event of default.

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

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 70,000	\$ 156,690	\$ 226,690
2022	75,000	153,540	228,540
2023	85,000	150,165	235,165
2024	95,000	146,340	241,340
2025	3,156,997	60,844	3,217,841
<b>Total</b>	<b>\$ 3,481,997</b>	<b>\$ 667,579</b>	<b>\$ 4,149,576</b>

**HERITAGE RIDGE METROPOLITAN DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2020**

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**4. Related Party**

One member of the Board of Directors is 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 in 2019. However, as part of the issuance of the Series 2019 Subordinate Bonds, the owners of the private placement bonds are related to the Developer, see Note 3.

**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.

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, 2020, 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 \$6,468,755, less accumulated depreciation of \$317,719 or a net book value of \$6,151,036 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	(3,481,998)
Accrued interest on bonds and notes	(1,347,076)
Net adjustment	\$ <u>(17,179,074)</u>

**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**

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	\$ (190,631)
Capital outlay	435,435
Net adjustment	\$ <u>244,804</u>

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:

Payment on note payable	\$ <u>148,002</u>
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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 bonds of (\$837,805).

## **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, 2020**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Developer contributions	\$ 5,000,000	\$ 435,435	\$ (4,564,565)
<b>Total revenues</b>	<u>5,000,000</u>	<u>435,435</u>	<u>(4,564,565)</u>
<b>Expenditures:</b>			
Capital Outlay	5,000,000	435,435	4,564,565
<b>Total expenditures</b>	<u>5,000,000</u>	<u>435,435</u>	<u>4,564,565</u>
<b>Net change in fund balance</b>	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance, end of year</b>	<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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Property tax	\$ 523,565	\$ 512,788	\$ 519,949	\$ 7,161
Specific ownership tax	36,650	37,778	37,526	(252)
Interest income	1,000	378	391	13
<b>Total revenues</b>	<u>561,215</u>	<u>550,944</u>	<u>557,866</u>	<u>6,922</u>
<b>Expenditures:</b>				
General government:				
Treasurer fees	10,471	10,256	10,402	(146)
Paying agent fees	3,500	4,250	4,250	-
Debt service:				
Principal	115,936	147,541	148,002	(461)
Interest	431,308	420,492	406,947	13,545
<b>Total expenditures</b>	<u>561,215</u>	<u>582,539</u>	<u>569,601</u>	<u>12,938</u>
<b>Net change in fund balance</b>	-	(31,595)	(11,735)	19,860
<b>Fund balance, beginning of year</b>	<u>63,689</u>	<u>96,595</u>	<u>96,595</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 63,689</u>	<u>\$ 65,000</u>	<u>\$ 84,860</u>	<u>\$ 19,860</u>

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