

**RAINDANCE METROPOLITAN DISTRICT NO. 1
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**RAINDANCE METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2019**


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Report of Independent Certified Public Accountants

To the Board of Directors
Raindance Metropolitan District No. 1

We have audited the accompanying financial statements of the governmental activities and the major funds of Raindance Metropolitan District No. 1 as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 the major funds of Raindance Metropolitan District No. 1, as of December 31, 2019 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

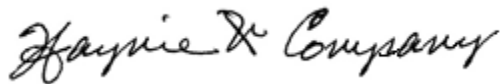
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Raindance Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The continuing disclosure annual financial information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Littleton, Colorado
July 6, 2020

BASIC FINANCIAL STATEMENTS

**RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,191,191
Cash and Investments - Restricted	21,000
Receivable - County Treasurer	840
Accounts Receivable	949
Prepaid Insurance	1,600
Due from District No. 2	67,308
Due from District No. 3	534
Due from District No. 4	1,887
Property Taxes Receivable	3,433,835
Capital Assets, Not Being Depreciated	17,888,506
Capital Assets, Net	874,016
Total Assets	23,481,666
LIABILITIES	
Accounts Payable	349,257
Prepaid Assessments	4,257
Due to District No.3	194,035
Noncurrent Liabilities:	
Due in More Than One Year	505,472
Total Liabilities	1,053,021
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	3,433,835
Total Deferred Inflows of Resources	3,433,835
NET POSITION	
Net Investment in Capital Assets	874,016
Restricted for:	
Emergency Reserves	21,000
Unrestricted	18,099,794
Total Net Position	\$ 18,994,810

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,191,191	\$ -	\$ 1,191,191
Cash and Investments - Restricted	21,000	-	21,000
Receivable - County Treasurer	840	-	840
Accounts Receivable	949	-	949
Prepaid Insurance	1,600	-	1,600
Due from District No. 2	67,308	-	67,308
Due from District No. 3	534	-	534
Due from District No. 4	1,887	-	1,887
Property Taxes Receivable	3,433,835	-	3,433,835
Total Assets	\$ 4,719,144	\$ -	\$ 4,719,144
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 349,257	\$ -	\$ 349,257
Prepaid Assessments	4,257	-	4,257
Due to District No. 3	194,035	-	194,035
Total Liabilities	547,549	-	547,549
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	3,433,835	-	3,433,835
Total Deferred Inflows of Resources	3,433,835	-	3,433,835
FUND BALANCES			
Nonspendable:			
Prepaid Insurance	1,600	-	1,600
Restricted:			
Emergency Reserves	21,000	-	21,000
Unrestricted:			
General Government	715,160	-	715,160
Total Fund Balances	737,760	-	737,760
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,719,144	\$ -	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, Not Being Depreciated	17,888,506
Capital Assets, Net	874,016

Long-term liabilities, including Developer advances, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds

Developer Advance Payable	(409,915)
Developer Advance Interest Payable	(95,557)

Net Position of Governmental Activities	\$ 18,994,810
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See accompanying Notes to Basic Financial Statements.

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 147,215	\$ -	\$ 147,215
Specific Ownership Taxes	9,966	-	9,966
Transfers from District No. 2	74,014	-	74,014
Transfers from District No. 3	9,410	1,020,332	1,029,742
Transfers from District No. 4	3,725	-	3,725
Easement Payment	25,051	-	25,051
Water Meter Fees	820,000	-	820,000
Service Fees	83,949	-	83,949
Other Revenue	345,349	1,009,903	1,355,252
Total Revenues	<u>1,518,679</u>	<u>2,030,235</u>	<u>3,548,914</u>
EXPENDITURES			
Accounting	75,640	-	75,640
Audit	9,600	-	9,600
County Treasurer's Fees	2,208	-	2,208
District Events	44,100	-	44,100
Dues and Licenses	2,683	-	2,683
Engineering - Cost Certification	4,942	-	4,942
Equipment Repairs and Maintenance	8,914	-	8,914
Insurance	11,812	-	11,812
Legal	86,180	-	86,180
Lifestyle Director Fees	62,371	-	62,371
Miscellaneous	13,251	-	13,251
Snow Removal	18,164	-	18,164
Utilities	25,260	-	25,260
Water Meters and Installations	904,154	-	904,154
Water Purchases	86,917	-	86,917
District Manager & Staff	197,760	-	197,760
Parks and Recreation	-	505,593	505,593
Softcosts	-	88,858	88,858
Streets	-	1,859,592	1,859,592
Total Expenditures	<u>1,553,956</u>	<u>2,454,043</u>	<u>4,007,999</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,277)	(423,808)	(459,085)
OTHER FINANCING SOURCES (USES)			
Developer Advances	197,760	2,212,225	2,409,985
Repayment of Developer Advances	(197,760)	(1,802,315)	(2,000,075)
Transfers (to)/from Other Funds	(13,898)	13,898	-
Total Other Financing Sources (Uses)	<u>(13,898)</u>	<u>423,808</u>	<u>409,910</u>
NET CHANGE IN FUND BALANCES	(49,175)	-	(49,175)
Fund Balances - Beginning of Year	<u>786,935</u>	<u>-</u>	<u>786,935</u>
FUND BALANCES - END OF YEAR	<u>\$ 737,760</u>	<u>\$ -</u>	<u>\$ 737,760</u>

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (49,175)

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

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

Capital Outlay - Construction In Progress	2,454,043
Capital Outlay - Water Meters	904,154
Depreciation	(30,138)

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

Repayment of Developer Advances	2,000,075
Developer Advances	(2,409,985)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on Developer advances - Change in liability	(42,239)
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Change in Net Position of Governmental Activities	\$ 2,826,735
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**RAINDANCE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 147,225	\$ 147,225	\$ 147,215	\$ (10)
Specific Ownership Taxes	11,778	11,778	9,966	(1,812)
Transfers from District No. 2	75,048	75,048	74,014	(1,034)
Transfers from District No. 3	9,519	9,519	9,410	(109)
Transfers from District No. 4	3,769	3,769	3,725	(44)
Easement Payment	-	-	25,051	25,051
Water Meter Fees	777,500	777,500	820,000	42,500
Service Fees	-	-	83,949	83,949
Other Revenue	-	-	345,349	345,349
Total Revenues	<u>1,024,839</u>	<u>1,024,839</u>	<u>1,518,679</u>	<u>493,840</u>
EXPENDITURES				
General and Administrative				
Accounting	50,000	77,000	75,640	1,360
Audit	10,000	9,600	9,600	-
Banking Fees	1,000	-	-	-
Contingency	10,489	2,937	-	2,937
County Treasurer's Fees	2,208	2,208	2,208	-
Dues and Licenses	1,500	2,683	2,683	-
Engineering - Cost Certification	-	10,000	4,942	5,058
Insurance	11,200	11,812	11,812	-
Legal	50,000	87,000	86,180	820
Miscellaneous	7,000	14,000	13,251	749
Operation and Maintenance				
District Events	5,000	45,000	44,100	900
Ditch Expenses	10,000	-	-	-
Equipment Acquisition	30,000	-	-	-
Equipment Repairs and Maintenance	20,000	8,000	8,914	(914)
Lifestyle Director Fees	54,583	63,000	62,371	629
Patrol Services	30,000	-	-	-
Snow Removal	30,000	20,000	18,164	1,836
Utilities	60,000	26,000	25,260	740
Water Meters and Installations	777,500	900,000	904,154	(4,154)
Water Purchases	-	87,000	86,917	83
District Manager & Staff	197,760	197,760	197,760	-
Total Expenditures	<u>1,358,240</u>	<u>1,564,000</u>	<u>1,553,956</u>	<u>10,044</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(333,401)	(539,161)	(35,277)	503,884
OTHER FINANCING SOURCES (USES)				
Developer Advance	197,760	197,760	197,760	-
Repayment of Developer Advances	(197,760)	(197,760)	(197,760)	-
Transfer to Other Fund	-	(14,000)	(13,898)	102
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,000)</u>	<u>(13,898)</u>	<u>102</u>
NET CHANGE IN FUND BALANCE				
	(333,401)	(553,161)	(49,175)	503,986
Fund Balance - Beginning of Year				
	<u>585,989</u>	<u>786,935</u>	<u>786,935</u>	<u>-</u>
FUND BALANCE - END OF YEAR				
	<u>\$ 252,588</u>	<u>\$ 233,774</u>	<u>\$ 737,760</u>	<u>\$ 503,986</u>

See accompanying Notes to Basic Financial Statements.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 DEFINITION OF REPORTING ENTITY

Raindance Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Weld County, Colorado, on June 12, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations, and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with three other related special districts – RainDance Metropolitan Districts No. 2, No. 3, and No. 4. The District serves as the Operating District which is responsible for coordinating the financing, construction, and maintenance of all Public Improvements and other services needed for RainDance Metropolitan Districts Nos. 2-4 (Financing Districts), which are responsible for providing the tax base needed to support financing of capital improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2019.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water Meters

15 Years

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

**RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 1,191,191
Cash and Investments - Restricted	21,000
Total Cash and Investments	\$ 1,212,191

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 1,212,191
Total Deposits	\$ 1,212,191

Deposits with Financial Institutions

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

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

At December 31, 2019, the District’s cash deposits had a bank balance of \$1,198,796 and carrying balance of \$1,212,191. \$250,000 per financial institution is insured through FDIC, and the balance is collateralized in single institution pools.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2019, the District had no investments.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 15,434,463	\$ 2,454,043	\$ -	\$ 17,888,506
Total Capital Assets, Not Being Depreciated	\$ 15,434,463	\$ 2,454,043	\$ -	\$ 17,888,506
Capital Assets, Being Depreciated:				
Water Meters	-	904,154	-	904,154
Total Capital Assets, Being Depreciated	-	904,154	-	904,154
Less Accumulated Depreciation For:				
Water Meters	-	30,138	-	30,138
Total Accumulated Depreciation	-	30,138	-	30,138
Total Capital Assets, Being Depreciated, Net	-	874,016	-	874,016
Governmental Activities Capital Assets, Net	<u>\$ 15,434,463</u>	<u>\$ 3,328,059</u>	<u>\$ -</u>	<u>\$ 18,762,522</u>

Upon completion and acceptance, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements by other local governments, the District will remove the cost of construction from its capital assets.

Depreciation expense was charged to the general government function on the statement of activities.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Due Within One Year
Developer Advances	\$ 5	\$ 2,409,985	\$ 2,000,075	\$ 409,915	\$ -
Accrued Interest on Developer Advances	53,318	42,239	-	95,557	-
Total	<u>\$ 53,323</u>	<u>\$ 2,452,224</u>	<u>\$ 2,000,075</u>	<u>\$ 505,472</u>	<u>\$ -</u>

Authorized Debt

At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 6, 2014	Authorized But Unissued
Water	\$ 93,000,000	\$ 93,000,000
Sanitation/Stormwater	93,000,000	93,000,000
Streets	93,000,000	93,000,000
Parks and Recreation	93,000,000	93,000,000
Public Transportation	93,000,000	93,000,000
Fire Protection	93,000,000	93,000,000
Mosquito Control	93,000,000	93,000,000
Safety Protection	93,000,000	93,000,000
Security	93,000,000	93,000,000
TV Relay and Translation	93,000,000	93,000,000
Operation and Maintenance	93,000,000	93,000,000
Debt Refunding	93,000,000	93,000,000
Intergovernmental Agreements	93,000,000	93,000,000
Private Agreements	93,000,000	93,000,000
Special Assessments	93,000,000	93,000,000
Total	<u>\$ 1,395,000,000</u>	<u>\$ 1,395,000,000</u>

Pursuant to the Service Plan, the maximum general obligation indebtedness for all of Financing Districts combined is not to exceed \$93,000,000.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets totaling \$874,016.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or law and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the District had restricted net position of \$21,000 in compliance with TABOR's emergency reserve requirement.

As of December 31, 2019, the District had unrestricted net position totaling \$18,099,794.

NOTE 7 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-4)

Effective as of January 1, 2018, the Districts entered into a District Coordinating Services Agreement (the "Coordinating Services Agreement") for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain of the Public Improvements within such Districts. Pursuant to the Coordinating Services Agreement, the District was designated as the "coordinating district" (the "Coordinating District") and Districts No. 2, No. 3, and No. 4 were each designated as "financing districts" (the "Financing Districts").

Common Finance Plan Resolution

On March 27, 2018, District No. 3 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the "Common Finance Plan Resolution"), pursuant to which: (i) the District and District No. 3 declared their mutual intent to implement the common plan of finance set forth and approved in the Service Plan to fund or reimburse all or a portion of the capital costs related to the Public Improvements to serve RainDance; and (ii) District No. 3 declared its intent, upon issuance of its Series 2018 Bonds, to transfer all available revenues to the District for the payment of such costs, including amounts owed by the District pursuant to the Reimbursement Agreements (as defined below).

On December 5, 2019, District No. 2 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the "Common Finance Plan Resolution"), pursuant to which: (a) the District and District No. 2 declared their mutual intent to implement the common plan of finance set forth and approved in the Service Plan to fund or reimburse all or a portion of the capital costs related to the Public Improvements to serve RainDance; and (b) District No. 2 declared its intent, upon issuance of its Series 2019 Bonds, to transfer all available proceeds to the District for the payment of such costs, including amounts owed by the District, pursuant to certain Reimbursement Agreement (as defined below).

**RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreements

The District and the Developer have entered into an Infrastructure Acquisition and Reimbursement Agreement dated March 1, 2018 (the "Developer Reimbursement Agreement"), and the District and a subsidiary of Journey Homes entered into a similar agreement, dated March 1, 2018 (the "JH Reimbursement Agreement" and together with Developer Reimbursement Agreement, the "Reimbursement Agreements"). Pursuant to the Reimbursement Agreements, it is be acknowledged that the Developer or Journey Homes, as applicable, has incurred certain costs related to the public infrastructure for the benefit of the District, and may incur additional costs related thereto, and that the District agrees to reimburse the Developer or Journey Homes, as applicable, for any and all costs of any kind related to the provision of the public improvements that may be lawfully funded by the District, after such costs are reviewed and certified by the District's Accountant and Engineer.

NOTE 8 INTERFUND TRANSFER

The transfer from the General Fund to the Capital Projects Fund was made to help pay certain capital related expenses.

NOTE 9 RELATED PARTIES

The Developer of the property which constitutes the District is RainDance Land Company, LLC, a Delaware limited liability company (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2019, the District determined its required emergency reserve to be approximately \$21,000.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**RAINDANCE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Transfers from District No. 3	\$ 1,005,125	\$ 1,024,113	\$ 1,020,332	\$ (3,781)
Other Revenue		1,009,900	1,009,903	\$ 3
Total Revenues	<u>1,005,125</u>	<u>2,034,013</u>	<u>2,030,235</u>	<u>(3,778)</u>
EXPENDITURES				
Softcosts	49,061	89,000	88,858	142
Covered Bridge	78,974	-	-	-
Parks and Recreation	-	506,000	505,593	407
Streets	520,011	1,860,000	1,859,592	408
Water	161,505	-	-	-
Sanitation / Storm Sewer	195,514	-	-	-
Safety	60	-	-	-
Total Expenditures	<u>1,005,125</u>	<u>2,455,000</u>	<u>2,454,043</u>	<u>957</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(420,987)	(423,808)	(2,821)
OTHER FINANCING SOURCES (USES)				
Developer Advances	1,005,125	2,213,000	2,212,225	(775)
Repayment of Developer Advances	(1,005,125)	(1,803,000)	(1,802,315)	685
Transfer from Other Fund	-	10,987	13,898	2,911
Total Other Financing Sources (Uses)	<u>-</u>	<u>420,987</u>	<u>423,808</u>	<u>2,821</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**RAINDANCE METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2019**

<u>Year Ended December 31,</u>	<u>Assessed Valuation</u>	<u>Mill Levy</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2015	\$ 880,640	39.000	0.000	\$ 34,345	\$ 33,830	98.50 %
2016	2,110,540	39.000	0.000	82,311	82,311	100.00
2017	602,110	39.000	0.000	23,482	23,482	100.00
2018	14,460	39.000	0.000	564	564	100.00
2019	3,775,010	39.000	0.000	147,225	147,215	99.99
Estimated for Year Ending December 31, 2020	\$ 88,047,060	39.000	0.000	\$ 3,433,835		