

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND - STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL</b>	<b>6</b>
<b>STATEMENT OF NET POSITION – PROPRIETARY FUNDS</b>	<b>7</b>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS</b>	<b>8</b>
<b>STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS</b>	<b>9</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>10</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>28</b>
<b>ENTERPRISE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE – BUDGET AND ACTUAL (BUDGETARY BASIS)</b>	<b>29</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>31</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED</b>	<b>32</b>

**INSERT INDEPENDENT AUDITOR'S REPORT**

## **BASIC FINANCIAL STATEMENTS**

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 1,968,652	\$ 715,926	\$ 2,684,578
Cash and Investments - Restricted	113,600	7,253,597	7,367,197
Receivable - County Treasurer	1,285,390	-	1,285,390
Accounts Receivable	22,050	33,413	55,463
Due from District No. 2	18,781	-	18,781
Due from District No. 3	489	-	489
Due from District No. 4	64	-	64
Property Taxes Receivable	3,482,605	-	3,482,605
Capital Assets, Not Being Depreciated	46,090,019	15,883,060	61,973,079
Capital Assets, Being Depreciated, Net	19,249	1,508,934	1,528,183
Total Assets	<u>53,000,899</u>	<u>25,394,930</u>	<u>78,395,829</u>
<b>LIABILITIES</b>			
Accounts Payable	1,404,583	298,084	1,702,667
Prepaid Assessments	-	15,889	15,889
Due to District No.3	95,000	-	95,000
Accrued Interest Payable	-	105,248	105,248
Noncurrent Liabilities:			
Due in More Than One Year	8,714,654	24,315,000	33,029,654
Total Liabilities	<u>10,214,237</u>	<u>24,734,221</u>	<u>34,948,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	3,482,605	-	3,482,605
Total Deferred Inflows of Resources	<u>3,482,605</u>	<u>-</u>	<u>3,482,605</u>
<b>NET POSITION</b>			
Net Investment in Capital Asset	19,249	159,676	178,925
Restricted			
Emergency Reserves	113,600	-	113,600
Debt Service	-	141,276	141,276
Unrestricted	<u>39,171,208</u>	<u>359,757</u>	<u>39,530,965</u>
Total Net Position	<u>\$ 39,304,057</u>	<u>\$ 660,709</u>	<u>\$ 39,964,766</u>

See accompanying Notes to Basic Financial Statements.

(1)

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Net Revenues (Expenses) and Changes Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,158,101	\$ 50,050	\$ 105,446	\$ 19,150,705	\$ 18,148,100	\$ -	\$ 18,148,100
Interest and Related Costs on Long-Term Debt	468,413	-	-	-	(468,413)	-	(468,413)
Total Governmental Activities	<u>1,158,101</u>	<u>50,050</u>	<u>105,446</u>	<u>19,150,705</u>	<u>17,679,687</u>	<u>-</u>	<u>17,679,687</u>
Business-Type Activities:							
Non-Potable Water	511,893	1,222,573	-	375,000	-	1,085,680	1,085,680
Interest and Related Costs on Long-Term Debt	1,437,152	-	-	-	-	(1,437,152)	(1,437,152)
Total Business-Type Activities	<u>1,949,045</u>	<u>1,222,573</u>	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>(351,472)</u>	<u>(351,472)</u>
Total Primary Government	<u>\$ 3,107,146</u>	<u>\$ 1,272,623</u>	<u>\$ 105,446</u>	<u>\$ 19,525,705</u>	<u>\$ 17,679,687</u>	<u>\$ (351,472)</u>	<u>\$ 17,328,215</u>
<b>GENERAL REVENUES</b>							
Property Taxes					3,293,757	-	3,293,757
Specific Ownership Taxes					162,989	-	162,989
Other Revenue					66,739	-	66,739
Interest Income					107,258	10,998	118,256
Transfers In(Out)					(127,167)	127,167	-
Transfer of Capital Assets, Net					(874,016)	874,016	-
Total General Revenues					<u>2,629,560</u>	<u>1,012,181</u>	<u>3,641,741</u>
<b>CHANGE IN NET POSITION</b>					20,309,247	660,709	20,969,956
Net Position - Beginning of Year					<u>18,994,810</u>	<u>-</u>	<u>18,994,810</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 39,304,057</u>	<u>\$ 660,709</u>	<u>\$ 39,964,766</u>

See accompanying Notes to Basic Financial Statements.

(2)

DRAFT. NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 1,968,652	\$ -	\$ 1,968,652
Cash and Investments - Restricted	113,600	-	113,600
Receivable - County Treasurer	1,285,390	-	1,285,390
Accounts Receivable	22,050	-	22,050
Due from District No. 2	18,781	-	18,781
Due from District No. 3	489	-	489
Due from District No. 4	64	-	64
Property Taxes Receivable	3,482,605	-	3,482,605
 Total Assets	 \$ 6,891,631	 \$ -	 \$ 6,891,631
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 94,544	\$ 1,310,039	\$ 1,404,583
Due to District No. 3	95,000	-	95,000
Total Liabilities	189,544	1,310,039	1,499,583
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	3,482,605	-	3,482,605
Total Deferred Inflows of Resources	3,482,605	-	3,482,605
 <b>FUND BALANCES</b>			
Restricted:			
Emergency Reserves	113,600	-	113,600
Unrestricted:			
General Government	3,105,882	(1,310,039)	1,795,843
Total Fund Balances	3,219,482	(1,310,039)	1,909,443
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 6,891,631	 \$ -	

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	46,090,019
Capital assets, Being Depreciated, net	19,249

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	(8,150,684)
Developer Advance Interest Payable	(563,970)

Net Position of Governmental Activities	\$ 39,304,057
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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, 2020**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 3,293,757	\$ -	\$ 3,293,757
Specific Ownership Taxes	162,989	-	162,989
Transfers from District No. 2	47,885	19,150,705	19,198,590
Transfers from District No. 3	52,170	-	52,170
Transfers from District No. 4	5,391	-	5,391
Stop Curb Repair Revenue	50,050	-	50,050
Interest Income	107,258	-	107,258
Other Revenue	66,739	-	66,739
Total Revenues	<u>3,786,239</u>	<u>19,150,705</u>	<u>22,936,944</u>
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	102,252	-	102,252
Administration/Lifestyle Director	67,039	-	67,039
Audit	13,800	-	13,800
County Treasurer's Fees	51,015	-	51,015
Consulting and Studies	35,884	-	35,884
District Events	62,602	-	62,602
District Manager and Staff	166,667	-	166,667
Dues	3,025	-	3,025
Insurance	23,036	-	23,036
Legal Services	108,528	-	108,528
Miscellaneous	8,147	-	8,147
Operations and Maintenance			
Equipment Acquisition	25,870	-	25,870
Landscaping	77,239	-	77,239
Repairs and Maintenance	18,045	-	18,045
Snow Removal	21,749	-	21,749
Stop Curb Repair	26,250	-	26,250
Utilities	81,177	-	81,177
Utility Locates	33,158	-	33,158
Pool and Clubhouse			
Pool Gas and Electricity	10,202	-	10,202
Pool Insurance	8,755	-	8,755
Pool Internet	1,398	-	1,398
Pool Management Fees	199,020	-	199,020
Pool Miscellaneous	3,086	-	3,086
Pool Supplies	22,214	-	22,214
Pool Telephone Services	141	-	141
Pool Trash and Recycle	1,046	-	1,046
Pool Water Usage	6,005	-	6,005
Capital Outlay- Public Improvements	-	26,891,474	26,891,474
Golf Course	-	1,310,039	1,310,039
Total Expenditures	<u>1,177,350</u>	<u>28,201,513</u>	<u>29,378,863</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,608,889	(9,050,808)	(6,441,919)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	166,667	26,891,474	27,058,141
Repayment of Developer Advances	(166,667)	(19,150,705)	(19,317,372)
Transfer to Enterprise Fund	(127,167)	-	(127,167)
Total Other Financing Sources (Uses)	<u>(127,167)</u>	<u>7,740,769</u>	<u>7,613,602</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,481,722	(1,310,039)	1,171,683
Fund Balances - Beginning of Year	737,760	-	737,760
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,219,482</u>	<u>\$ (1,310,039)</u>	<u>\$ 1,909,443</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, 2020**

Net Change in Fund Balances - Governmental Funds \$ 1,171,683

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

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

Capital Outlay - Current Year	28,222,901
Depreciation - Current Year	(2,139)

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	19,317,372
Developer Advances - Current Year	(27,058,141)

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	(468,413)
Transfer of Capital Assets, Net, to Enterprise Fund	(874,016)

Change in Net Position of Governmental Activities \$ 20,309,247

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 3,433,835	\$ 3,293,757	\$ (140,078)
Specific Ownership Taxes	240,368	162,989	(77,379)
Transfers from District No. 2	48,931	47,885	(1,046)
Transfers from District No. 3	53,275	52,170	(1,105)
Transfers from District No. 4	5,505	5,391	(114)
Stop Curb Repair Revenue	-	50,050	50,050
Water Meter Fees	500,000	-	(500,000)
Water Service Fees	190,000	-	(190,000)
Interest Income	-	107,258	107,258
Other Revenue	250,000	66,739	(183,261)
Total Revenues	4,721,914	3,786,239	(935,675)
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	81,000	102,252	(21,252)
Administration/Lifestyle Director	60,000	67,039	(7,039)
Audit	10,000	13,800	(3,800)
Contingency	51,992	-	51,992
County Treasurer's Fees	51,508	51,015	493
Consulting and Studies	-	35,884	(35,884)
District Events	10,000	62,602	(52,602)
District Manager and Staff	250,000	166,667	83,333
Dues	3,000	3,025	(25)
Insurance	12,500	23,036	(10,536)
Legal Services	80,000	108,528	(28,528)
Miscellaneous	3,000	8,147	(5,147)
Operations and Maintenance			
Engineering - Cost Certification	10,000	-	10,000
Equipment Acquisition	250,000	25,870	224,130
Landscaping	-	77,239	(77,239)
Snow Removal	20,000	21,749	(1,749)
Stop Curb Repair	-	26,250	(26,250)
Utilities	60,000	81,177	(21,177)
Utility Locates	-	33,158	(33,158)
Water Meters and Installations	500,000	-	500,000
Pool and Clubhouse			
Pool Gas and Electricity	-	10,202	(10,202)
Pool Insurance	-	8,755	(8,755)
Pool Internet	-	1,398	(1,398)
Pool Management Fees	-	199,020	(199,020)
Pool Miscellaneous	-	3,086	(3,086)
Pool Supplies	-	22,214	(22,214)
Pool Telephone Services	-	141	(141)
Pool Trash and Recycle	-	1,046	(1,046)
Pool Water Usage	-	6,005	(6,005)
Total Expenditures	1,453,000	1,177,350	275,650
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,268,914	2,608,889	(660,025)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	250,000	166,667	(83,333)
Repayment of Developer Advances	(250,000)	(166,667)	83,333
Transfer to Enterprise Fund	-	(127,167)	(127,167)
Total Other Financing Sources (Uses)	-	(127,167)	(127,167)
<b>NET CHANGE IN FUND BALANCE</b>	3,268,914	2,481,722	(787,192)
Fund Balance - Beginning of Year	757,422	737,760	(19,662)
<b>FUND BALANCE - END OF YEAR</b>	\$ 4,026,336	\$ 3,219,482	\$ (806,854)

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION –**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

**ASSETS**

Cash and Investments	\$ 715,926
Cash and Investments Restricted	7,253,597
Accounts Receivable	33,413
Capital Assets, Not Being Depreciated	15,883,060
Capital Assets, Being Depreciated, Net	1,508,934
Total Assets	25,394,930

**LIABILITIES**

Accounts Payable	298,084
Prepaid Assessments	15,889
Accrued Interest Payable	105,248
Noncurrent Liabilities:	
Due in More Than One Year	24,315,000
Total Liabilities	24,734,221

**NET POSITION**

Net Investment in Capital Assets	159,676
Restricted	141,276
Unrestricted	359,757
Total Net Position	\$ 660,709

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

Water Service Fees	\$	200,073
Water Meter Fees		1,022,500
Total Operating Revenues		1,222,573

**OPERATING EXPENSES**

Consulting and Studies		190,316
Depreciation		84,705
District Manager and Staff		83,333
Equipment Acquisition		2,153
Legal Services		88,743
Miscellaneous		109
Repairs and Maintenance		18,124
Water Purchases		44,410
Total Operating Expenses		511,893

**OPERATING INCOME**

660,709

**OTHER REVENUES AND EXPENDITURES**

Capital Fees		375,000
Interest Income		10,998
Bond Interest- Series 2020		(508,698)
Cost of Issuance		(927,504)
Paying Agent Fees		(950)
Transfer from General Fund- Fund Balance		127,167
Transfer from General Fund- Capital Assets, Net		874,016
Total Other Revenues and Expenditures		(49,971)

**CHANGE IN NET POSITION**

660,709

Net Position - Beginning of Year

-

**NET POSITION - END OF YEAR**

\$ 660,709

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 1,205,049
Payments to Suppliers	<u>(129,104)</u>
Net Cash Provided by Operating Activities	<u>1,075,945</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Interest Expense	(403,450)
Cost of Issuance	(927,504)
Paying Agent Fees	(950)
Transfer from General Fund	127,167
Net Cash Used by Noncapital Financing Activities	<u>(1,204,737)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Bond Issuance	24,315,000
Capital Fees	375,000
Capital Outlay	<u>(16,602,683)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>8,087,317</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net Cash Provided by Investing Activities	<u>10,998</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

7,969,523

Cash and Cash Equivalents - Beginning of Year

-

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 7,969,523

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 710,680
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	84,705
Increase in Accounts Payable	298,084
Increase in Accounts Receivable	(33,413)
Increase in Prepaid Assessments	15,889
Net Cash Provided by Operating Activities	<u><u>\$ 1,075,945</u></u>

See accompanying Notes to Basic Financial Statements.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the governmental funds and the proprietary fund. 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.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for the construction, operation, and maintenance of facilities, and water rights associated with providing non-potable water services that are operated in a manner where the intent of the District is that the costs of providing such

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

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

The District amended its annual budget for the year ended December 31, 2020.

**Pooled Cash and Investments**

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

**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.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include construction in progress, equipment, water meters and water rights, are reported in the government-wide and business-type 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.

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

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:

Equipment	5 Years
Water Meters	15 Years

**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.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**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.

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

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

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

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 2,684,578
Cash and Investments - Restricted	7,367,197
Total Cash and Investments	<u>\$ 10,051,775</u>

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

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

Deposits with Financial Institutions	<u>\$ 10,051,775</u>
Total Deposits	<u><u>\$ 10,051,775</u></u>

**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, 2020, the District's cash deposits had a bank balance and carrying balance of \$10,051,775. \$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, 2020**

**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, 2020, the District had no investments.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

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

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 17,888,506	\$ 28,201,513	\$ -	\$ 46,090,019
Total Capital Assets, Not Being Depreciated	17,888,506	28,201,513	-	46,090,019
Capital Assets, Being Depreciated:				
Equipment	-	21,388	-	21,388
Water Meters	904,154	-	904,154	-
Total Capital Assets, Being Depreciated	904,154	21,388	904,154	21,388
Less Accumulated Depreciation For:				
Equipment	-	2,139	-	2,139
Water Meters	30,138	-	30,138	-
Total Accumulated Depreciation	30,138	2,139	30,138	2,139
Total Capital Assets, Being Depreciated, Net	874,016	19,249	874,016	19,249
Governmental Activities Capital Assets, Net	18,762,522	28,220,762	874,016	46,109,268
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Water Rights	-	15,883,060	-	15,883,060
Total Capital Assets, Not Being Depreciated	-	15,883,060	-	15,883,060
Capital Assets, Being Depreciated:				
Equipment	-	6,609	-	6,609
Water Meters	-	1,617,168	-	1,617,168
Total Capital Assets, Being Depreciated	-	1,623,777	-	1,623,777
Less Accumulated Depreciation For:				
Equipment	-	661	-	661
Water Meters	-	114,182	-	114,182
Total Accumulated Depreciation	-	114,843	-	114,843
Total Capital Assets, Being Depreciated, Net	-	1,508,934	-	1,508,934
Business-Type Activities Capital Assets, Net	-	17,391,994	-	17,391,994
Total Capital Assets, Net	\$ 18,762,522	\$ 45,612,756	\$ 874,016	\$ 63,501,262

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

A significant portion of capital assets (public improvements) will be conveyed by the District to other local governments, and once conveyed, the District will not be responsible for the maintenance of those public improvements. Upon acceptance of the public improvements by other local governments, the District will remove the cost of construction from its books. Certain public improvements have been conveyed to other governmental entities and the District will remove those capital assets from its books during 2021.

Depreciation expense recorded under governmental activities was charged to the general government function, and depreciation expense recorded under business-type activities was charged to non-potable water enterprise function on the statement of activities.

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
<u>Governmental Activities</u>					
<b>Other Debts:</b>					
Developer Advances	\$ 409,915	\$ 27,058,141	\$ 19,317,372	\$ 8,150,684	\$ -
Accrued Interest on Developer Advances	95,557	468,413	-	563,970	-
Total Governmental Activities	<u>505,472</u>	<u>27,526,554</u>	<u>19,317,372</u>	<u>8,714,654</u>	<u>-</u>
<u>Business-Type Activities</u>					
<b>Bonds Payable:</b>					
Non-Potable Water Enterprise Revenue Bonds Series 2020A	-	24,315,000	-	24,315,000	-
Total Bonds Payable	-	24,315,000	-	24,315,000	-
<b>Other Debts:</b>					
Developer Advances	-	83,333	83,333	-	-
Total Business-Type Activities	-	<u>24,398,333</u>	<u>83,333</u>	<u>24,315,000</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 505,472</u>	<u>\$ 51,924,887</u>	<u>\$ 19,400,705</u>	<u>\$ 33,029,654</u>	<u>\$ -</u>

**Non-Potable Water Enterprise Revenue Bonds, Series 2020 (the "Bonds")**

The District, acting by and through its Water Activity Enterprise, issued the Bonds on August 6, 2020, in the par amount of \$24,315,000.

Proceeds from the sale of the Bonds were used to acquire certain water rights and fund and reimburse a portion of the costs of acquiring, constructing, and installing certain non-potable water-related infrastructure to serve the RainDance Development. A portion of the proceeds

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Non-Potable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)**

of the Bonds were also used to fund: (a) the Reserve Account, (b) a portion of the interest to accrue on the Bonds, and (c) the costs of issuing the Bonds.

Bonds Details

The Bonds were issued as two term bonds with the first bearing interest at 5.00% per annum and maturing on December 1, 2040 and the second bearing interest at 5.25% and maturing on December 1, 2050. Interest on the Bonds is payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. To the extent principal of any Bond is not paid when due, such principal will remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest will compound semiannually on each June 1 and December 1, at the rate then borne by the Bond.

Bonds Optional Redemption

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

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 20	3.00%
December 1, 2026, to November 30, 20	2.00
December 1, 2027, to November 30, 20	1.00
December 1, 2028, and thereafter	0.00

Sources of Repayment for the Bonds

The District's primary revenue sources for repayment of the Bonds are rates assessed on residential and nonresidential customers of the District and RainDance Metropolitan District Nos. 2, 3 and 4 based on non-potable water usage within the District's Service Area and Capital Facilities Fees collected within the boundaries of RainDance Metropolitan District No. 2 (District No. 2).

The Bonds constitute special limited obligations of the District. The principal and interest on the Bonds is payable solely from "Net Revenue", meaning Gross Revenue after deducting Operations and Maintenance Expenses. As of December 31, 2020, "Net Revenue" available to pay the District's debt obligations was \$141,276.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Non-Potable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)**

Sources of Repayment for the Bonds (Continued)

“Gross Revenue” means all income and revenue directly or indirectly derived by the District from the Non-Potable System, or any part thereof, including without limitation, any rates, fees, tap fees, standby charges, availability fees, tolls, and charges for the services furnished by, for the use of, or for the availability of, the Non-Potable System, plus Capital Facilities Fees, but excluding: (a) income from the sale of property, or rights or related contracts, settlements, or judgments held or obtained in connection with the Non-Potable System or its operations; (b) Tap Fees; (c) Transfer Fees; (d) moneys borrowed and used for providing capital improvements; (e) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations for the purpose of defeasing the same; and (f) any moneys received as grants or appropriations from the United States, the state, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of capital improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys are to be received as payments for the use of the Non-Potable System, services rendered thereby, or the availability of any such service

Operation and Maintenance Expenses” means all reasonable and necessary costs and expenses of the District for the operation, maintenance and repair of the Non-Potable System, including without limitation legal and overhead expenses of the District directly related to the administration of the Non-Potable System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor, the cost of materials and supplies for operations, and the cost of leasing, renting or otherwise procuring water or water resources on a temporary or annual basis, but excluding depreciation and any portion of such costs, legal liabilities not based on contract, expenses incurred in connection with capital improvements, payments due in connection with any bonds or other obligations issued to provide capital improvements, charges for the accumulation of reserves and expenses funded or provided for from Tap Fees.

The Districts impose a one-time fee of \$2,500 per single-family detached residential unit and \$2,500 per single family attached and multi-family residential unit within their respective boundaries to provide a source of funding to pay for the initial capital direct and indirect costs associated with the construction, installation and acquisition of Public Improvements to serve the Districts. Only the fees imposed within the boundaries of District No. 2 (the “Capital Facilities Fee”) are pledged to the payment of the Bonds. The Capital Facilities Fees are due and owing upon the issuance of a building permit for any residential or commercial unit on a lot within District No. 2.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Non-Potable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)**

Non-Potable Water Rates

The District covenants and agrees in the Bond Resolution to establish, maintain, and enforce a schedule of rates, fees, tolls, and charges for the availability of, services furnished by, or use of the Non-Potable System sufficient to satisfy one of the following two requirements each Fiscal Year:

- (i) generate Net Operating Revenue and Capital Facilities Fees in the Fiscal Year collectively equal to not less than:
  - a. an amount equal to 100% of the Annual Debt Service for the Outstanding Bonds and any Parity Lien Bonds in such Fiscal Year, plus
  - b. the amount necessary to replenish the Reserve Account to the Reserve Requirement and to replenish any reserve fund for Parity Lien Bonds to the Parity Lien Bonds Reserve Requirement (or to repay any Bond Insurer for draws on a Reserve Policy, as applicable); OR
- (ii) generate Net Operating Revenue and Capital Facilities Fees in the Fiscal Year which, together with the portion of Unrestricted Fund Balance as of December 31 of the immediately preceding Fiscal Year representing Capital Facilities Fees, will equal not less than:
  - a. an amount equal to 110% of the Annual Debt Service for the Outstanding Bonds and any Parity Lien Bonds in such Fiscal Year, plus
  - b. the amount necessary to replenish the Reserve Account to the Reserve Requirement and to replenish any reserve fund for Parity Lien Bonds to the Parity Lien Bonds Reserve Requirement (or to repay any Bond Insurer for draws on a Reserve Policy, as applicable).

In the event that revenues at any time are not sufficient to result in Net Operating Revenues in the amounts required as described above, the District is to promptly increase such rates, fees, tolls, and charges to the extent required to ensure compliance with the foregoing covenants.

The District further covenants and agrees to establish, maintain, and enforce a schedule of rates, fees, tolls, and charges for the availability of, services furnished by, or use of the Non-Potable System sufficient to maintain a minimum Unrestricted Fund Balance, calculated as of each December 31, commencing December 31, 2022, equal to not less than \$1,000,000. In the event that revenues are not sufficient to satisfy such minimum Unrestricted Fund Balance as of any December 31 occurring on or after December 31, 2022, the District is to promptly increase rates, fees, tolls, and charges to the extent required to ensure compliance with the foregoing covenants.

Additional Security for Bonds

The Bonds are also secured by amounts on deposit in the Reserve Account which was funded from proceeds of the Bonds in the amount of the Reserve Requirement of \$2,289,792 and by capitalized interest which was funded from proceeds of the Bonds in the amount of \$3,079,400. The balances in the Reserve Fund and the Capitalized Interest accounts as of December 31, 2020, are \$2,294,839 and \$2,716,159, respectively.

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Non-Potable Water Enterprise Revenue Bonds, Series 2020 (the Bonds) (Continued)**

Bonds Debt Service

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,262,975	\$ 1,262,975
2022	-	1,262,975	1,262,975
2023	-	1,262,975	1,262,975
2024	25,000	1,262,975	1,287,975
2025	30,000	1,261,725	1,291,725
2026-2030	270,000	6,278,875	6,548,875
2031-2035	1,315,000	6,147,125	7,462,125
2036-2040	3,785,000	5,577,625	9,362,625
2041-2045	6,850,000	4,315,500	11,165,500
2046-2050	12,040,000	2,188,988	14,228,988
Total	<u>\$ 24,315,000</u>	<u>\$ 30,821,738</u>	<u>\$ 55,136,738</u>

**Authorized Debt**

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

	<u>Amount Authorized on May 6, 2014</u>	<u>Authorization Used for 2020 Bonds</u>	<u>Authorized But Unissued</u>
Water	\$ 93,000,000	\$ 24,315,000	\$ 68,685,000
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>\$ 24,315,000</u>	<u>\$ 1,370,685,000</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, 2020**

**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, 2020, the District had net investment in capital assets calculated as follows:

	Governmental Activities	Business- Type Activities
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 19,249	\$ 17,391,994
Noncurrent Portion of Outstanding Long-term Obligations	-	(24,315,000)
Unspent Bond Proceeds	-	7,082,682
Net Investment in Capital Assets	\$ 19,249	\$ 159,676

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 as follows:

Restricted Net Position:		
Emergency Reserve	\$ 113,600	\$ -
Debt Service (Note 5)	-	141,276
Total Restricted Net Position	\$ 113,600	\$ 141,276

As of December 31, 2020, the District's total unrestricted net position was \$39,530,965.

**NOTE 7 INTERFUND TRANSFERS**

The transfer in the amount of \$127,617 from General Fund to Enterprise Fund was for the purpose of transferring (from General Fund) and setting up beginning fund balance of the Enterprise Fund.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 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 from the Bonds; and (ii) District No. 3 declared its intent, upon issuance of the 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 next).

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 from the Bonds all or a portion of the capital costs related to the Public Improvements to serve RainDance; and (b) The District No. 2 declared its intent, upon issuance of the 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 next).

**Infrastructure Acquisition and Reimbursement Agreements**

The District and the Developer have entered into two Infrastructure Acquisition and Reimbursement Agreements dated March 1, 2018 and January 1, 2020 (the "Developer Reimbursement Agreements"), 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 the "Developer Reimbursement Agreements" 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. As of December 31,2020, outstanding advances under this agreement totaled \$8,150,679 in principal and \$563,970 in accrued interest.

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Construction of Sanitary Sewer Facilities Intergovernmental Agreement**

The District and the Town of Windsor (the "Town") have entered into a Construction of Sanitary Sewer Facilities and Related Oversizing Credits and Reimbursements Agreement (the "IGA") dated June 16, 2020. Pursuant to the IGA, the Town shall reimburse to the District for certain costs of constructing the Sewer Interceptor that relate to Poudre Heights Improvements. The reimbursement amount shall be limited to those actual costs certified by the District as district eligible costs, and shall be made upon submitting an "Acceptance Resolution" to the Town with certificates from the District's Engineer and CPA, relating to completion, costs, and eligibility. As of December 31, 2020, no reimbursements have been received by the District.

**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, 2020**

**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, 2020, the District determined its required emergency reserve to be approximately \$113,600.

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, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Transfer from District No. 2	\$ 19,253,060	\$ 19,253,060	\$ 19,150,705	\$ (102,355)
Total Revenues	19,253,060	19,253,060	19,150,705	(102,355)
<b>EXPENDITURES</b>				
Capital Outlay- Public Improvements	19,253,060	26,891,474	26,891,474	-
Golf Course	-	1,305,000	1,310,039	(5,039)
Contingency	-	5,466	-	5,466
Total Expenditures	19,253,060	28,201,940	28,201,513	427
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	(8,948,880)	(9,050,808)	(101,928)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advances	19,253,060	28,201,940	26,891,474	(1,310,466)
Repayment of Developer Advances	(19,253,060)	(19,253,060)	(19,150,705)	102,355
Total Other Financing Sources (Uses)	-	8,948,880	7,740,769	(1,208,111)
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	(1,310,039)	(1,310,039)
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,310,039)</u>	<u>\$ (1,310,039)</u>

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Capital Fees	\$ -	\$ 65,000	\$ 375,000	\$ 310,000
Interest Income	-	100,000	10,998	(89,002)
Water Service Fees	-	276,727	200,073	(76,654)
Water Meter Fees	-	600,000	1,022,500	422,500
Total Revenues	-	1,041,727	1,608,571	566,844
<b>EXPENDITURES</b>				
Consulting and Studies	-	63,832	190,316	(126,484)
District Manager and Staff	-	65,000	83,333	(18,333)
Legal Services	-	-	88,743	(88,743)
Miscellaneous	-	-	109	(109)
Equipment Acquisition	-	2,800	8,762	(5,962)
Repairs and Maintenance	-	-	18,124	(18,124)
Water Meters and Installation	-	600,000	713,014	(113,014)
Water Purchases	-	-	44,410	(44,410)
Bond Interest - Series 2020	-	314,633	403,450	(88,817)
Cost of Issuance	-	748,357	927,504	(179,147)
Paying Agent Fees	-	-	950	(950)
Capital Outlay	-	18,000,000	15,883,060	2,116,940
Contingency	-	5,378	-	5,378
Total Expenditures	-	19,800,000	18,361,775	1,438,225
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(18,758,273)	(16,753,204)	2,005,069
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance - Series 2020	-	23,175,000	24,315,000	1,140,000
Developer Advances	-	2,120,000	83,333	(2,036,667)
Repayment of Developer Advances	-	(2,120,000)	(83,333)	2,036,667
Transfer from General Fund- Fund Balance	-	-	127,167	127,167
Total Other Financing Sources (Uses)	-	23,175,000	24,442,167	1,267,167
<b>CHANGE IN FUNDS AVAILABLE</b>	-	4,416,727	7,688,963	3,272,236
Funds Available- Beginning	-	-	-	-
<b>Funds Available- Ending</b>	<u>\$ -</u>	<u>\$ 4,416,727</u>	<u>\$ 7,688,963</u>	<u>\$ 3,272,236</u>
<b>ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS</b>				
Change in Funds Available			7,688,963	
Depreciation Expense			(84,705)	
Accrued Bond Interest			(105,248)	
Bond Issuance			(24,315,000)	
Capital Outlay			16,602,683	
Transfer from General Fund - Capital Assets, Net			874,016	
<b>CHANGE IN NET POSITION</b>			<u>660,709</u>	
Net Position - Beginning of Year			-	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 660,709</u>	

**OTHER INFORMATION**

**RAINDANCE METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2020**

\$24,315,000 Non-Potable Water Enterprise Revenue Bonds,  
Series 2020

Dated August 5, 2020

Principal Due December 1

Interest Rate 5.00% - 5.25%

Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,262,975	\$ 1,262,975
2022	-	1,262,975	1,262,975
2023	-	1,262,975	1,262,975
2024	25,000	1,262,975	1,287,975
2025	30,000	1,261,725	1,291,725
2026	35,000	1,260,225	1,295,225
2027	45,000	1,258,475	1,303,475
2028	55,000	1,256,225	1,311,225
2029	60,000	1,253,475	1,313,475
2030	75,000	1,250,475	1,325,475
2031	90,000	1,246,725	1,336,725
2032	170,000	1,242,225	1,412,225
2033	255,000	1,233,725	1,488,725
2034	350,000	1,220,975	1,570,975
2035	450,000	1,203,475	1,653,475
2036	560,000	1,180,975	1,740,975
2037	650,000	1,152,975	1,802,975
2038	750,000	1,120,475	1,870,475
2039	855,000	1,082,975	1,937,975
2040	970,000	1,040,225	2,010,225
2041	1,090,000	991,725	2,081,725
2042	1,220,000	934,500	2,154,500
2043	1,360,000	870,450	2,230,450
2044	1,510,000	799,050	2,309,050
2045	1,670,000	719,775	2,389,775
2046	1,755,000	632,100	2,387,100
2047	1,850,000	539,963	2,389,963
2048	1,945,000	442,837	2,387,837
2049	2,045,000	340,725	2,385,725
2050	4,445,000	233,363	4,678,363
Total	<u>\$ 24,315,000</u>	<u>\$ 30,821,738</u>	<u>\$ 55,136,738</u>

**RAINDANCE METROPOLITAN DISTRICT NO. 1  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

Year Ended December 31,	Assessed Valuation	Mill Levy		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
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
2020	88,047,060	39.000	0.000	3,433,835	3,293,757	95.92
Estimated for Year Ending December 31, 2021	\$ 89,297,570	39.000	0.000	\$ 3,482,605		