

BENT GRASS METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2019

DRAFT

DRAFT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	5
Statement of activities	6
<hr/>	
Fund financial statements	
Balance sheets - governmental funds	7
Statements of revenues, expenditures and changes in fund balances - governmental funds	8
Reconciliation of the statements of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	10
General fund - statement of revenues, expenditures and changes in fund balance - budget and actual	12
Notes to financial statements	13
<hr/>	
SUPPLEMENTARY INFORMATION	
Capital project fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	27
Debt service fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	28

THIS PAGE INTENTIONALLY BLANK

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

BENT GRASS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 29,353
Cash and investments - restricted	91,519
Accounts receivable - County Treasurer	1,596
Property taxes receivable	162,275
Capital assets, not being depreciated:	
Construction in progress	1,357,682
Total assets	1,642,425
<u>LIABILITIES</u>	
Accounts payable	29,268
Accrued interest payable	103,760
Noncurrent liabilities:	
Due in more than one year	1,400,000
Total liabilities	1,533,028
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	162,275
Total deferred inflows of resources	162,275
<u>NET POSITION</u>	
Restricted for:	
Debt service	49,271
Emergency reserve	1,716
Unrestricted	(103,865)
Total net position	\$ (52,878)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**BENT GRASS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
General government	\$ 77,703	\$ -	\$ -	\$ -	\$ (77,703)
Interest and related costs on long-term debt	125,241	-	-	-	(125,241)
Total primary government	\$ 202,944	\$ -	\$ -	\$ -	(202,944)
GENERAL REVENUES					
Property taxes					146,513
Specific ownership taxes					17,697
Interest earned on cash and investments					1,322
Total general revenues					165,532
Changes in net position					(37,412)
Net position, beginning of year					(15,466)
Net position, end of year					\$ (52,878)

The accompanying notes and independent auditor's report
should be read with this financial statement.

**BENT GRASS METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ 29,353	\$ 29,353
Cash and investments - restricted	-	-	91,519	91,519
Accounts receivables - County Treasurer	1,596	-	-	1,596
Property taxes receivable	46,364	-	115,911	162,275
Due from other funds	-	-	32,159	32,159
Total assets	<u>\$ 47,960</u>	<u>\$ -</u>	<u>\$ 268,942</u>	<u>316,902</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 29,268	\$ -	\$ -	29,268
Due from other funds	32,159	-	-	32,159
Total liabilities	<u>61,427</u>	<u>-</u>	<u>-</u>	<u>61,427</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenues	46,364	-	115,911	162,275
Total deferred inflows of resources	<u>46,364</u>	<u>-</u>	<u>115,911</u>	<u>162,275</u>
<u>FUND BALANCE</u>				
Restricted for:				
Debt service	-	-	153,031	153,031
Emergency reserve	1,716	-	-	1,716
Unassigned:				
General government	(61,547)	-	-	(61,547)
Total fund balances	<u>(59,831)</u>	<u>-</u>	<u>153,031</u>	<u>93,200</u>
Total liabilities and fund balances	<u>\$ 47,960</u>	<u>\$ -</u>	<u>\$ 268,942</u>	

Amounts reported in 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:

<u>Construction in progress</u>	1,357,682
---------------------------------	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

<u>Accrued interest payable</u>	(103,760)
---------------------------------	-----------

<u>Bonds payable</u>	(1,400,000)
----------------------	-------------

<u>Net position of governmental activities</u>	<u>\$ (52,878)</u>
--	---------------------------

The accompanying notes and independent auditor's report should be read with this financial statement.

BENT GRASS METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>				
Property taxes	\$ 41,860	\$ -	\$ 104,653	\$ 146,513
Specific ownership taxes	5,056	-	12,641	17,697
Net investment income	1,322	-	-	1,322
Total revenues	48,238	-	117,294	165,532
<u>EXPENDITURES</u>				
Current:				
Accounting	7,850	-	-	7,850
Bank charges	751	-	-	751
County Treasurer's fees	628	-	1,570	2,198
Dues	310	-	-	310
Insurance	250	-	-	250
Landscaping and maintenance	11,227	-	-	11,227
Legal	12,141	18,945	-	31,086
Management fees	24,000	-	-	24,000
Postage	31	-	-	31
Debt service:				
Interest expense	-	-	113,000	113,000
Capital outlay				
Engineering and planning	-	16,599	-	16,599
Total expenditures	57,188	35,544	114,570	207,302
Excess of revenues under expenditures	(8,950)	(35,544)	2,724	(41,770)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out) other funds	(35,544)	35,544	-	-
Total other financing sources (uses)	(35,544)	35,544	-	-
Net change in fund balances	(44,494)	-	2,724	(41,770)
Fund balances, beginning of year	(15,337)	-	150,307	134,970
Fund balances, end of year	\$ (59,831)	\$ -	\$ 153,031	\$ 93,200

The accompanying notes and independent auditor's report
should be read with this financial statement.

THIS PAGE INTENTIONALLY BLANK

DRAFT

**BENT GRASS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds	\$	(41,770)
--	----	----------

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

Governmental funds report capital outlays as expenditures. In the statements of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocations of the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital outlay		16,599
----------------	--	--------

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 payable - change in liability		(12,241)
--	--	----------

Changes in net position of governmental activities	\$	(37,412)
--	----	----------

The accompanying notes and independent auditor's report should be read with this financial statement.

THIS PAGE INTENTIONALLY BLANK

DRAFT

**BENT GRASS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 41,763	\$ 41,860	\$ 97
Specific ownership taxes	2,923	5,056	2,133
Net investment income	300	1,322	1,022
Total revenues	44,987	48,238	3,251
EXPENDITURES			
Accounting	8,000	7,850	150
Bank charges	50	751	(701)
County Treasurer's fees	626	628	(2)
Dues	1,300	310	990
Insurance	4,000	250	3,750
Landscaping and maintenance	10,000	11,227	(1,227)
Legal	10,000	12,141	(2,141)
Management fees	24,000	24,000	-
Other	2,000	-	2,000
Postage	50	31	19
Contingency	1,000	-	1,000
Total expenditures	61,026	57,188	3,838
Excess of revenues over (under) expenditures	(16,040)	(8,950)	(587)
Net change in fund balance	\$ (16,040)	(44,494)	\$ (28,454)
Fund balance, beginning of year		(15,337)	
Fund balance, end of year		\$ (59,831)	

The accompanying notes and independent auditor's report should be read with this financial statement.

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. DEFINITION OF REPORTING ENTITY

Bent Grass Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was formed in November of 2007, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel and other drainage improvements needed for the area.

The District follows 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 and 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 operational and administrative functions are contracted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 instead 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 position

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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position (continued)

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Debt service fund - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used in payment of long-term debt.

Budgets

In accordance with state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, 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.

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.

Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the date of contribution.

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

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets (continued)

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 40 years.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien 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, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected to the District monthly.

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

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.

Interfund balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statements.

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net position

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

Fund balance

Fund balance for governmental funds is 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 is 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.

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund balance (continued)

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 policy to use the most restrictive classification first.

Deficit

The District had a deficit in the general fund as of December 31, 2019. The deficit is expected to be eliminated with the receipt of property taxes and other revenues in 2020.

Accounting pronouncements adopted

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB 89") is effective for fiscal years beginning after December 15, 2019. GASB 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The District early adopted GASB 89 effective January 1, 2019.

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	\$ 29,353
Cash and investments - restricted	91,519
	\$ 120,872

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

Deposits with financial institutions	\$ 120,872
--------------------------------------	------------

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. CASH AND INVESTMENTS (CONTINUED)

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. The 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 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.

As of December 31, 2019, the Districts' cash deposits had a bank balance of \$121,820 and a book balance of \$120,872.

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

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

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

4. CAPITAL ASSETS

Capital assets largely consist of construction in progress of road and bridge improvements, water and wastewater systems, drainage and landscaping. Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance 01/01/19	Additions/ Reclass- ifications	Dispositions Reclass- ifications	Balance 12/31/19
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 1,341,083</u>	<u>\$ 16,599</u>	<u>\$ -</u>	<u>\$ 1,357,682</u>

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS

Series 2013 General Obligation Limited Tax Bonds

On October 11, 2013 the District issued Series 2013 General Obligation Limited Tax Bonds, which are draw down bonds, in an amount up to \$4,645,000. The bonds bear interest from the date of issuance at the rate of 8.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each December 15, and mature on December 15, 2042.

The District is required, pursuant to the bond agreements, to maintain loan payment, reserve and surplus cash accounts. The purpose of the reserve cash account is to provide adequate reserves to meet principal and interest requirements if the bond account does not have enough funding. The reserve account is required to be maintained as long as the bonds are outstanding.

The bonds are secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) required mill levy and (2) any other legally available monies which the District determines to be treated as pledged revenue. The bonds are also secured by amounts held by the trustee in the reserve fund. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the reserve fund. The maximum required mill levy is 25.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. For collection year 2019, the District levied 25.821 mills for the debt service fund.

The following is a summary of long-term debt of the District during the year ended December 31, 2019:

	<u>Balance 01/01/19</u>	<u>Additions</u>	<u>Repayments/ Defeasance</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
2013 Series Bonds	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS (CONTINUED)

Assuming the District draws the maximum available, its long-term obligations on the 2013 Series Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 371,600	\$ 371,600
2021	-	371,600	371,600
2022	-	371,600	371,600
2023	-	371,600	371,600
2024	-	371,600	371,600
2025-2029	-	1,858,000	1,858,000
2030-2034	-	1,858,000	1,858,000
2035-2039	2,029,415	1,714,673	3,744,088
2040-2042	2,615,585	416,010	3,031,595
Total	\$ 4,645,000	\$ 7,704,683	\$ 12,349,683

In the event revenues or reserves are insufficient to meet scheduled accrued interest payments, unpaid interest may be carried forward as a subsequent year obligation. To the extent not paid when due, such interest will compound on each interest payment date, at the rate borne by the bonds.

6. NET POSITION

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

Restricted positions include net positions that are subject to restrictions for use either by external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2019 as follows:

Restricted net position:	
Debt service (Note 5)	\$ 49,271
Emergencies (Note 10)	1,716
	<u>50,987</u>
	<u>\$ 50,987</u>

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

6. NET POSITION (CONTINUED)

The District's unrestricted net position as of December 31, 2019 totaled a deficit of \$103,865. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds and tax free loans while the proceeds were used to fund infrastructure anticipated to be contributed to the County.

7. RELATED PARTIES

The developers of the property which constitutes the District are Woodmen Three, LLC and Case International Company. The members of the board of directors are officers, employees or associated with the developers and may have conflicts of interest in dealing with the District.

8. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to fund general and capital expenditures. Until an independent revenue base is established, general expenses and construction of public improvements will be dependent upon funding by the developers.

9. 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 ("Pool") as of December 31, 2019. 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.

10. 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 within the State of Colorado.

See independent auditor's report

BENT GRASS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

10. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior 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. The District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District management believes the District 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 likely require judicial interpretation.

* * * * *

DRAFT

See independent auditor's report

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

**BENT GRASS METROPOLITAN DISTRICT
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES</u>			
Capital outlay	\$ 2,971,249	\$ -	\$ 2,971,249
Engineering and planning	100,000	16,599	83,401
Project management	100,000	-	100,000
District management	10,000	-	10,000
Legal	25,000	18,945	6,055
Consulting	20,000	-	20,000
Miscellaneous	5,000	-	5,000
Total expenditures	<u>3,231,249</u>	<u>35,544</u>	<u>224,456</u>
Excess of revenues over (under) expenditures	<u>(3,231,249)</u>	<u>(35,544)</u>	<u>(224,456)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer in (out) other funds	<u>3,231,249</u>	<u>35,544</u>	<u>(3,195,705)</u>
Total other financing sources	<u>3,231,249</u>	<u>35,544</u>	<u>(3,195,705)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ (3,420,161)</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

See independent auditor's report

**BENT GRASS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	<u>Budget Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>			
Property taxes	\$ 104,412	\$ 104,653	\$ 241
Specific ownership taxes	7,309	12,641	5,332
Total revenues	111,721	117,294	5,573
<u>EXPENDITURES</u>			
Current:			
County Treasurer's fees	1,566	1,570	(4)
Debt service:			
Interest expense	113,000	113,000	-
Total expenditures	114,566	114,570	-
Excess of revenues over (under) expenditures	(2,845)	2,724	5,573
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond proceeds	3,250,000	-	(3,250,000)
Transfer in (out) other funds	(3,248,249)	-	3,248,249
Total other financing sources	1,751	-	(1,751)
Net change in fund balance	\$ (1,094)	2,724	\$ 3,822
Fund balance, beginning of year		150,307	
Fund balance, end of year		\$ 153,031	

See independent auditor's report