

WOODMEN ROAD METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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BASIC FINANCIAL STATEMENTS

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WOODMEN ROAD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,129,184
Cash and investments - restricted	3,181,160
Accounts receivable	114,698
Accounts receivable - County Treasurer	22,728
Property taxes receivable	2,544,653
Capital assets, net	183,414
Total assets	8,175,837
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred balance on advance refunding of bonds	328,069
Total deferred outflows of resources	328,069
<u>LIABILITIES</u>	
Accounts payable	8,008
Accrued interest payable	39,746
Noncurrent liabilities:	
Due within one year	1,255,000
Due in more than one year	11,020,838
Total liabilities	12,323,592
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	2,544,653
Total deferred inflows of resources	2,544,653
<u>NET POSITION</u>	
Net investments in capital assets	(73,824)
Restricted for:	
Debt service	4,901,870
Emergency reserve	3,195
Unrestricted	(11,195,580)
Total net position	\$ (6,364,339)

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

WOODMEN ROAD 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	\$ 161,672	\$ 560,342	\$ -	\$ -	\$ 398,670
Interest and related costs on long-term debt	496,158	-	-	-	(496,158)
Total primary government	\$ 657,830	\$ 560,342	\$ -	\$ -	(97,488)
GENERAL REVENUES					
Property taxes					2,069,642
Specific ownership taxes					251,604
Investment earnings					80,043
Total general revenues					2,401,289
OTHER REVENUES					
Proceeds from sale of land					110,718
Changes in net position					2,414,519
Net position, beginning of year					(8,778,858)
Net position, end of year					\$ (6,364,339)

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

WOODMEN ROAD METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 391,456	\$ 1,737,728	\$ 2,129,184
Cash and investments - restricted	-	3,181,160	3,181,160
Accounts receivables	114,698	-	114,698
Accounts receivables - County Treasurer	-	22,728	22,728
Property taxes receivable	-	2,544,653	2,544,653
Total assets	<u>\$ 506,154</u>	<u>\$ 7,486,269</u>	<u>7,992,423</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 8,008	\$ -	8,008
Total liabilities	<u>8,008</u>	<u>-</u>	<u>8,008</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenues	-	2,544,653	2,544,653
Total deferred inflows of resources	<u>-</u>	<u>2,544,653</u>	<u>2,544,653</u>
<u>FUND BALANCE</u>			
Restricted for:			
Debt service	-	4,941,616	4,941,616
Emergency reserve	3,195	-	3,195
Unassigned:			
General government	494,951	-	494,951
Total fund balances	<u>498,146</u>	<u>4,941,616</u>	<u>5,439,762</u>
Total liabilities and fund balances	<u>\$ 506,154</u>	<u>\$ 7,486,269</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:

Capital assets, net	183,414
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,275,838)
Deferred balance on advance refunding of bonds	328,069
Accrued interest payable	(39,746)

Net position of governmental activities	<u>\$ (6,364,339)</u>
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The accompanying notes and independent auditor's report should be read with this financial statement.

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property taxes	\$ -	\$ 2,069,642	\$ 2,069,642
Specific ownership taxes	-	251,604	251,604
Building permits and platting fees	560,342	-	560,342
Net investment income	591	79,452	80,043
Total revenues	560,933	2,400,698	2,961,631
<u>EXPENDITURES</u>			
Current:			
Audit	7,850	-	7,850
Bank charges	57	15,275	15,332
Dues	569	-	569
Insurance	2,281	-	2,281
Legal	11,367	-	11,367
Management fees	84,000	-	84,000
Postage	12	-	12
County Treasurer's fees	-	31,180	31,180
Utilities	338	-	338
Debt service:			
Bond principal	-	1,185,000	1,185,000
Interest expense	-	476,955	476,955
Total expenditures	106,474	1,708,410	1,814,884
Excess of revenues over (under) expenditures	454,459	692,288	1,146,747
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from sale of land	-	110,718	110,718
Total other financing sources (uses)	-	110,718	110,718
Net change in fund balances	454,459	803,006	1,257,465
Fund balances, beginning of year	43,687	4,138,610	4,182,297
Fund balances, end of year	\$ 498,146	\$ 4,941,616	\$ 5,439,762

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

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WOODMEN ROAD 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	\$ 1,257,465
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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:

Depreciation expense	(8,742)
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The issuance of long-term debt 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 and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond principal payments	1,185,000
2010 Series Bond discount	(9,760)
2018 Bond Premium	64,015
Deferred balances on advance refunding of 2010 Series Bonds	(73,459)

Changes in net position of governmental activities	\$ 2,414,519
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WOODMEN ROAD 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)
<u>REVENUES</u>			
Building permits and platting fees	\$ 611,940	\$ 560,342	\$ (51,598)
Net investment income	240	591	351
Total revenues	612,180	560,933	(51,247)
<u>EXPENDITURES</u>			
Audit	8,000	7,850	150
Bank charges	100	57	43
Dues	400	569	(169)
Insurance	3,000	2,281	719
Legal	15,000	11,367	3,633
Management fees	84,000	84,000	-
Miscellaneous	500	-	500
Postage	250	12	238
Utilities	450	338	112
Contingency	250,000	-	250,000
Total expenditures	361,700	106,474	255,226
Excess of revenues over (under) expenditures	250,480	454,459	(306,473)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from (to) other funds	(200,000)	-	200,000
Total other financing sources	(200,000)	-	200,000
Net change in fund balance	\$ 50,480	454,459	\$ 403,979
Fund balance, beginning of year		43,687	
Fund balance, end of year		\$ 498,146	

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

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. DEFINITION OF REPORTING ENTITY

Woodmen Road Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was formed on November 8, 2001, 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 for the purpose of providing for the acquisition, construction, installation, operation and maintenance of certain public improvements for the benefit of the property owners and inhabitants of the District. The improvements in the District's service plan include street improvements, including draining and landscaping, and safety protection (traffic control devices).

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 property taxes.

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

See independent auditor's report

WOODMEN ROAD 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.

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.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2019 in the debt service fund, which may be a violation of the local government budget law.

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 balance in the total cash and investments.

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.

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.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 sales of the tax liens on delinquent properties are generally 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 outflows and inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Accordingly, deferred bond cost refunding, is deferred and recognized as an outflow of resources in the period that the amounts become available.

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. Accordingly, property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become 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.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund balances

Fund balance for governmental funds are 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.

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.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 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	\$ 2,129,184
Cash and investments - restricted	<u>3,181,160</u>
Total cash and investments	<u><u>\$ 5,310,344</u></u>

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

Deposits with financial institutions	\$ 2,129,184
Investments	<u>3,181,160</u>
Total cash and investments	<u><u>\$ 5,310,344</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. 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 District's cash deposits had a bank balance of \$2,128,084 and a book balance of \$2,129,184.

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 with an asterisk 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.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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.

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, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted average under 60 days	<u>\$ 3,181,160</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust ("CSAFE or "Trust"), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1. CSAFE may invest in US Treasury securities, repurchase agreements collateralized by US Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

4. CAPITAL ASSETS

Capital assets consist of public improvements. 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
Public improvements	\$ 257,238	\$ -	\$ -	\$ 257,238
Less accumulated depreciation	(65,082)	(8,742)	-	(73,824)
Capital assets, net	<u>\$ 192,156</u>	<u>\$ (8,742)</u>	<u>\$ -</u>	<u>\$ 183,414</u>

Depreciation expense for the year ended December 31, 2019 totaled \$8,742.

5. LONG-TERM OBLIGATIONS

The following is a summary of changes in bonds payable during the year ended December 31, 2019:

	Balance 01/01/19	Additions	Repayments/ Accretion	Balance 12/31/19	Due within one year
2010 Series Bond	\$ 5,590,000	\$ -	\$ 550,000	\$ 5,040,000	\$ 560,000
2010 Series Bond discount	(53,350)	-	(9,760)	(43,590)	-
2018 Series Bond	7,645,000	-	635,000	7,010,000	695,000
2018 Series Bond premium	333,443	-	64,015	269,428	-
	<u>\$ 13,515,093</u>	<u>\$ -</u>	<u>\$ 1,239,255</u>	<u>\$ 12,275,838</u>	<u>\$ 1,255,000</u>

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS (CONTINUED)

2010 Series Bonds

In 2010, the District issued General Obligation Limited Tax Refunding Bonds, 2010 Series in order to defease the District's 2008 Series Bonds. The 2010 Bonds were issued with a face value of \$9,720,000 and at a discount of \$157,754. The bonds bear interest at annual rates ranging from 2.00% to 3.75% per annum to be paid to the bondholders semi-annually on each June 1 and December 1, beginning December 1, 2010. The bonds mature on December 1, 2027 and are subject to redemption prior to maturity at the discretion of the District, as a whole or in integral multiples of \$1,000 on December 1, 2020 or on any date thereafter. The bonds are subject to mandatory sinking fund redemption requirements.

The bonds are payable from the pledged revenue, consisting of the moneys derived by the District from the required mill levy, the portion of the specific ownership taxes attributable to the required mill levy, and any other legally available moneys which the District determines to credit to the bond fund. The required mill levy consists of an ad valorem mill levy, not to exceed 25.000 mills, imposed upon all taxable property of the District which is intended to be sufficient, together with amounts on deposit in the bond fund, the specific ownership taxes, the investment earnings and other legally available amounts anticipated to be credited to the bond fund to pay the principal and interest of the bonds as they become due.

2018 Series Bonds

In 2018, the District issued General Obligation Limited Tax Refunding Bonds, 2018 Series. The 2018 Bonds were issued with a face value of \$8,275,000 and at a premium of \$346,992. The bonds bear interest at an annual rate of 4.00% per annum to be paid to the bondholders semi-annually on each June 1 and December 1, beginning December 1, 2018. The bonds mature on December 1, 2027. The bonds are subject to mandatory sinking fund redemption requirements.

The bonds are payable from the pledged revenue, consisting of the moneys derived by the District from the required mill levy, the portion of the specific ownership taxes attributable to the required mill levy, and any other legally available moneys which the District determines to credit to the bond fund. The required mill levy consists of an ad valorem mill levy, not to exceed 25.000 mills, imposed upon all taxable property of the District which is intended to be sufficient, together with amounts on deposit in the bond fund, the specific ownership taxes, the investment earnings and other legally available amounts anticipated to be credited to the bond fund to pay the principal and interest of the bonds as they become due.

The District is required, pursuant to the bond agreements, to maintain bond and reserve cash accounts. The reserve accounts are required to be maintained as long as the bonds are outstanding.

See independent auditor's report

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. LONG-TERM OBLIGATIONS (CONTINUED)

Annual requirements to amortize 2010 Series Bonds are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	560,000	175,705	735,705
2021	585,000	158,205	743,205
2022	580,000	139,193	719,193
2023	600,000	119,618	719,618
2024	600,000	99,368	699,368
2025-2027	<u>2,115,000</u>	<u>166,305</u>	<u>2,281,305</u>
Total	<u>\$ 5,040,000</u>	<u>\$ 858,393</u>	<u>\$ 5,898,393</u>

Annual requirements to amortize 2018 Series Bonds are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	695,000	259,350	954,350
2021	715,000	231,550	946,550
2022	800,000	202,950	1,002,950
2023	830,000	170,950	1,000,950
2024	920,000	137,750	1,057,750
2025-2027	<u>3,050,000</u>	<u>195,900</u>	<u>3,245,900</u>
Total	<u>\$ 7,010,000</u>	<u>\$ 1,198,450</u>	<u>\$ 8,208,450</u>

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WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

6. NET POSITION

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

The investment in capital assets component of net position consists of capital assets that are owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2019, the District had a net investment in capital assets calculated as follows:

Net investment in capital assets:

Capital assets, net	\$ 183,414
Outstanding long-term obligations	<u>(257,238)</u>
	<u><u>\$ (73,824)</u></u>

Restricted position include net positions that are subject to restriction 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 restricted net positions of as of December 31, 2019 as follows:

Restricted net position:

Emergencies (Note 9)	\$ 3,195
Debt service (Note 5)	<u>4,901,870</u>
	<u><u>\$ 4,905,065</u></u>

The District's unrestricted net position as of December 31, 2019 totaled a deficit of \$11,195,580. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds.

7. RELATED PARTIES

Certain members of the boards of directors are officers of, employees of, or associated with the developers and may have conflicts of interest in dealing with the District.

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WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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8. 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.

9. 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.

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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. 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.

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SUPPLEMENTARY INFORMATION

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WOODMEN ROAD METROPOLITAN DISTRICT
DEBT SERVICE 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>REVENUES</u>			
Property taxes	\$ 2,078,178	\$ 2,069,642	\$ (8,536)
Specific ownership taxes	145,472	251,604	106,132
Net investment income	10,000	79,452	69,452
Total revenues	2,233,650	2,400,698	167,048
<u>EXPENDITURES</u>			
Bank charges	4,000	15,275	(11,275)
County Treasurer's fees	31,173	31,180	(7)
Bond principal	1,185,000	1,185,000	-
Bond issuance costs	6,000	-	6,000
Interest expense	476,955	476,955	-
Total expenditures	1,703,128	1,708,410	(5,282)
Excess of revenues over (under) expenditures	530,522	692,288	172,330
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from sale of land	-	110,718	110,718
Transfer from other funds	200,000	-	(200,000)
Total other financing sources	200,000	110,718	(89,282)
Net change in fund balance	\$ 730,522	803,006	\$ 72,484
Fund balance, beginning of year		4,138,610	
Fund balance, end of year		\$ 4,941,616	

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