

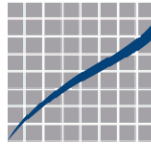
WOODMEN ROAD METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	4
Statement of activities	5
Fund financial statements	
Balance sheets - governmental funds	6
Statements of revenues, expenditures and changes in fund balances - governmental funds	7
Reconciliation of the statements of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	8
General fund - statement of revenues, expenditures and changes in fund balance - budget and actual	9
Notes to financial statements	10
<hr/>	
SUPPLEMENTARY INFORMATION	
Debt service fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	23



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Woodmen Road Metropolitan District

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Woodmen Road Metropolitan District ("District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
July 29, 2021

BASIC FINANCIAL STATEMENTS

WOODMEN ROAD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 3,101,782
Cash and investments - restricted	4,314,635
Accounts receivable	31,060
Accounts receivable - County Treasurer	23,751
Property taxes receivable	2,671,696
Capital assets, net	174,673
Total assets	<u>10,317,597</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred balance on advance refunding of bonds	<u>260,916</u>
Total deferred outflows of resources	<u>260,916</u>
 <u>LIABILITIES</u>	
Accounts payable	8,048
Accrued interest payable	32,480
Noncurrent liabilities:	
Due within one year	1,300,000
Due in more than one year	9,671,455
Total liabilities	<u>11,011,983</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	<u>2,671,696</u>
Total deferred inflows of resources	<u>2,671,696</u>
 <u>NET POSITION</u>	
Net investments in capital assets	(82,565)
Restricted for:	
Debt service	6,617,517
Emergency reserve	3,408
Unrestricted	(9,643,526)
Total net position	<u><u>\$ (3,105,166)</u></u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

WOODMEN ROAD METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</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	\$ 167,943	\$ 1,028,226	\$ -	\$ -	\$ 860,283
Interest and related costs on long-term debt	445,560	-	-	-	(445,560)
Total primary government	\$ 613,503	\$ 1,028,226	\$ -	\$ -	414,723
GENERAL REVENUES					
Property taxes					2,544,430
Specific ownership taxes					276,591
Investment income					23,429
Total general revenues					2,844,450
Changes in net position					3,259,173
Net position, beginning of year					(6,364,339)
Net position, end of year					\$ (3,105,166)

The accompanying notes and independent auditor's report should be read with these financial statements.

WOODMEN ROAD METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 790,171	\$ 2,311,611	\$ 3,101,782
Cash and investments - restricted	-	4,314,635	4,314,635
Accounts receivable	31,060	-	31,060
Accounts receivable - County Treasurer	-	23,751	23,751
Property taxes receivable	-	2,671,696	2,671,696
Total assets	<u>\$ 821,231</u>	<u>\$ 9,321,693</u>	<u>10,142,924</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 8,048	\$ -	8,048
Total liabilities	<u>8,048</u>	<u>-</u>	<u>8,048</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenues	-	2,671,696	2,671,696
Total deferred inflows of resources	<u>-</u>	<u>2,671,696</u>	<u>2,671,696</u>
<u>FUND BALANCE</u>			
Restricted for:			
Debt service	-	6,649,997	6,649,997
Emergency reserve	3,408	-	3,408
Unassigned:			
General government	809,775	-	809,775
Total fund balances	<u>813,183</u>	<u>6,649,997</u>	<u>7,463,180</u>
Total liabilities and fund balances	<u>\$ 821,231</u>	<u>\$ 9,321,693</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			174,673
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			(10,971,455)
Deferred balance on advance refunding of bonds			260,916
Accrued interest payable			(32,480)
Net position of governmental activities			<u>\$ (3,105,166)</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

WOODMEN ROAD METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ -	\$ 2,544,430	\$ 2,544,430
Specific ownership taxes	-	276,591	276,591
Building permits and platting fees	1,028,226	-	1,028,226
Net investment income	386	23,043	23,429
Total revenues	1,028,612	2,844,064	3,872,676
EXPENDITURES			
Current:			
Bank charges	39	7,459	7,498
County Treasurer's fees	-	38,168	38,168
Dues	777	-	777
Insurance	2,054	-	2,054
Management fees	87,360	-	87,360
Miscellaneous	4,588	-	4,588
Postage	32	-	32
Professional fees	18,200	-	18,200
Utilities	525	-	525
Debt service:			
Bond principal	-	1,255,000	1,255,000
Interest expense	-	435,056	435,056
Total expenditures	113,575	1,735,683	1,849,258
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	(600,000)	600,000	-
Total other financing sources (uses)	(600,000)	600,000	-
Net change in fund balances	315,037	1,708,381	2,023,418
Fund balances, beginning of year	498,146	4,941,616	5,439,762
Fund balances, end of year	\$ 813,183	\$ 6,649,997	\$ 7,463,180

The accompanying notes and independent auditor's report
should be read with these financial statements.

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, 2020

Net change in fund balances - total governmental funds	\$ 2,023,418
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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	1,255,000
2010 Series Bond discount	(8,923)
2018 Series Bond premium	58,306
Deferred balances on advance refunding of 2010 Series Bonds	(67,153)

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	7,267
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Changes in net position of governmental activities	<u>\$ 3,259,173</u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

WOODMEN ROAD METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT 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		
<u>REVENUES</u>				
Building permits and platting fees	\$ 722,600	\$ 1,178,237	\$ 1,028,226	\$ (150,011)
Net investment income	400	400	386	(14)
Total revenues	723,000	1,178,637	1,028,612	(150,025)
<u>EXPENDITURES</u>				
Bank charges	100	50	39	11
Dues	600	777	777	-
Insurance	3,000	3,000	2,054	946
Management fees	87,360	87,360	87,360	-
Miscellaneous	500	-	4,588	(4,588)
Postage	250	50	32	18
Professional fees	28,000	23,126	18,200	4,926
Utilities	400	400	525	(125)
Contingency	250,000	-	-	-
Total expenditures	370,210	114,763	113,575	1,188
<u>OTHER FINANCING USES</u>				
Transfer (to) from other funds	-	(600,000)	(600,000)	-
Total other financing uses	-	(600,000)	(600,000)	-
Net change in fund balance	\$ 352,790	\$ 463,874	\$ 315,037	\$ (148,837)
Fund balance, beginning of year			498,146	
Fund balance, end of year			\$ 813,183	

The accompanying notes and independent auditor's report
should be read with these financial statements.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 outflows of resources and liabilities plus deferred inflows 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, 2020

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, 2020

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 has 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 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, 2020

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 balance on advance refunding of bonds, 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 (revenues) until that time. Accordingly, property tax revenues are 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, 2020

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, 2020

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	\$ 3,101,782
Cash and investments - restricted	<u>4,314,635</u>
Total cash and investments	<u><u>\$ 7,416,417</u></u>

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

Deposits with financial institutions	\$ 3,101,782
Investments	<u>4,314,635</u>
Total cash and investments	<u><u>\$ 7,416,417</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, 2020, the District's cash deposits had a bank balance of \$3,096,682 and a book balance of \$3,101,782.

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.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, 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>\$ 4,314,635</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, 2020

4. CAPITAL ASSETS

Capital assets consist of public improvements. Capital asset activity for the year ended December 31, 2020 is as follows:

	<u>Balance 01/01/20</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions/ Reclass- ifications</u>	<u>Balance 12/31/20</u>
Public improvements	\$ 257,238	\$ -	\$ -	\$ 257,238
Less accumulated depreciation	<u>(73,824)</u>	<u>(8,741)</u>	<u>-</u>	<u>(82,565)</u>
Capital assets, net	<u>\$ 183,414</u>	<u>\$ (8,741)</u>	<u>\$ -</u>	<u>\$ 174,673</u>

Depreciation expense for the year ended December 31, 2020 totaled \$8,741.

5. LONG-TERM OBLIGATIONS

The following is a summary of changes in bonds payable during the year ended December 31, 2020:

	<u>Balance 01/01/20</u>	<u>Additions</u>	<u>Repayments/ Accretion</u>	<u>Balance 12/31/20</u>	<u>Due within one year</u>
2010 Series Bond	\$ 5,040,000	\$ -	\$ 560,000	\$ 4,480,000	\$ 585,000
2010 Series Bond discount	(43,590)	-	(8,923)	(34,667)	-
2018 Series Bond	7,010,000	-	695,000	6,315,000	715,000
2018 Series Bond premium	<u>269,428</u>	<u>-</u>	<u>58,306</u>	<u>211,122</u>	<u>-</u>
	<u>\$ 12,275,838</u>	<u>\$ -</u>	<u>\$ 1,304,383</u>	<u>\$ 10,971,455</u>	<u>\$ 1,300,000</u>

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 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 a 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, 2020

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>
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	630,000	78,368	708,368
2026-2027	1,485,000	87,938	1,572,938
Total	<u>\$ 4,480,000</u>	<u>\$ 682,688</u>	<u>\$ 5,162,688</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>
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	945,000	100,950	1,045,950
2026-2027	2,105,000	94,950	2,199,950
Total	<u>\$ 6,315,000</u>	<u>\$ 939,100</u>	<u>\$ 7,254,100</u>

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Net investment in capital assets:

Capital assets, net	\$ 174,673
Outstanding long-term obligations	<u>(257,238)</u>
	<u><u>\$ (82,565)</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, 2020 as follows:

Restricted net position:

Emergencies (Note 9)	\$ 3,408
Debt service (Note 5)	<u>6,617,517</u>
	<u><u>\$ 6,620,925</u></u>

The District's unrestricted net position as of December 31, 2020 totaled a deficit of \$9,643,526. 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.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020. 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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See independent auditor's report.

SUPPLEMENTARY INFORMATION

WOODMEN ROAD METROPOLITAN DISTRICT
DEBT SERVICE 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		
<u>REVENUES</u>				
Property taxes	\$ 2,533,154	\$ 2,533,381	\$ 2,544,430	\$ 11,049
Specific ownership taxes	177,321	190,000	276,591	86,591
Net investment income	30,000	30,000	23,043	(6,957)
Total revenues	2,740,475	2,753,381	2,844,064	90,683
<u>EXPENDITURES</u>				
Bank charges	10,000	10,000	7,459	2,541
County Treasurer's fees	37,997	37,997	38,168	(171)
Bond principal	1,255,000	1,255,000	1,255,000	-
Bond issuance costs	6,000	6,000	-	6,000
Interest expense	435,055	435,055	435,056	(1)
Total expenditures	1,744,052	1,744,052	1,735,683	8,369
<u>OTHER FINANCING SOURCES</u>				
Transfer to other funds	-	600,000	600,000	-
Total other financing sources	-	600,000	600,000	-
Net change in fund balance	\$ 996,423	\$ 1,609,329	1,708,381	\$ 99,052
Fund balance, beginning of year			4,941,616	
Fund balance, end of year			\$ 6,649,997	

See independent auditor's report.