

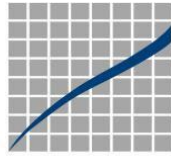
WOODMEN ROAD METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Woodmen Road Metropolitan District

Colorado Springs, Colorado

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2021, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

Supplementary 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. Such 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 26, 2022

BASIC FINANCIAL STATEMENTS

WOODMEN ROAD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments - restricted	\$ 9,283,396
Receivable from County Treasurer	24,859
Accounts receivable	57,755
Property taxes receivable	1,094,324
Capital assets, net	165,931
Total assets	<u>10,626,265</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred balance on advance refunding of bonds	<u>200,452</u>
Total deferred outflows of resources	<u>200,452</u>
<u>LIABILITIES</u>	
Accounts payable	8,332
Accrued interest payable	30,266
Noncurrent liabilities:	
Due within one year	1,380,000
Due in more than one year	8,247,433
Total liabilities	<u>9,666,031</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	<u>1,094,324</u>
Total deferred inflows of resources	<u>1,094,324</u>
<u>NET POSITION</u>	
Net investments in capital assets	(91,307)
Restricted for:	
Debt service	9,274,889
Emergency reserve	3,100
Unrestricted	<u>(9,120,320)</u>
Total net position	<u><u>\$ 66,362</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, 2021

	<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					
<u>PRIMARY GOVERNMENT</u>					
General government	\$ 171,737	\$ 777,752	\$ -	\$ -	\$ 606,015
Interest and related costs on long-term debt	403,983	-	-	-	(403,983)
Total governmental activities	\$ 575,720	\$ 777,752	\$ -	\$ -	202,032
<u>GENERAL REVENUES</u>					
Property taxes					2,650,809
Specific ownership taxes					313,749
Investment income					4,938
Total general revenues					2,969,496
Changes in net position					3,171,528
Net position, beginning of year					(3,105,166)
Net position, end of year					\$ 66,362

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, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments - restricted	\$ 3,100	\$ 9,280,296	\$ 9,283,396
Accounts receivable	57,755	-	57,755
Receivable from County Treasurer	-	24,859	24,859
Property taxes receivable	-	1,094,324	1,094,324
Total assets	\$ 60,855	\$ 10,399,479	10,460,334
<u>LIABILITIES</u>			
Accounts payable	\$ 8,332	\$ -	8,332
Total liabilities	8,332	-	8,332
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenues	-	1,094,324	1,094,324
Total deferred inflows of resources	-	1,094,324	1,094,324
<u>FUND BALANCES</u>			
Restricted for:			
Debt service	-	9,305,155	9,305,155
Emergency reserve	3,100	-	3,100
Unassigned:			
General government	49,423	-	49,423
Total fund balances	52,523	9,305,155	9,357,678
Total liabilities and fund balances	\$ 60,855	\$ 10,399,479	

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

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds:

Capital assets, net	165,931
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	(9,627,433)
Deferred balance on advance refunding of bonds	200,452
Accrued interest payable	(30,266)
Net position of governmental activities	\$ 66,362

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, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>			
Property taxes	\$ -	\$ 2,650,809	\$ 2,650,809
Specific ownership taxes	-	313,749	313,749
Building permits and platting fees	777,752	-	777,752
Investment income	3,066	1,872	4,938
Total revenues	780,818	2,966,430	3,747,248
<u>EXPENDITURES</u>			
Accounting and audit	8,400	-	8,400
Bank charges	21	3,794	3,815
County Treasurer's fees	-	40,090	40,090
Dues	1,238	-	1,238
Insurance	2,053	-	2,053
Legal	12,883	1,485	14,368
Management fees	77,085	15,417	92,502
Utilities	529	-	529
Debt service:			
Bond principal	-	1,300,000	1,300,000
Interest expense	-	389,755	389,755
Total expenditures	102,209	1,750,541	1,852,750
Excess of revenues over (under) expenditures	678,609	1,215,889	1,894,498
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer (to) from other funds	(1,439,269)	1,439,269	-
Total other financing sources (uses)	(1,439,269)	1,439,269	-
Net change in fund balances	(760,660)	2,655,158	1,894,498
Fund balances, beginning of year	813,183	6,649,997	7,463,180
Fund balances, end of year	<u>\$ 52,523</u>	<u>\$ 9,305,155</u>	<u>\$ 9,357,678</u>

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, 2021

Net change in fund balances - governmental funds	\$ 1,894,498
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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 statement 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. The effect of these differences is 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 effect of these differences is as follows:

Bond principal payments	1,300,000
Series 2010 Bond discount	(8,033)
Series 2018 Bond premium	52,055
Deferred balances on advance refunding of Series 2010 Bonds	(60,464)

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. The effect of these differences is as follows:

Accrued interest payable - change in liability	2,214
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Changes in net position of governmental activities	\$ 3,171,528
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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, 2021

	Budget		Actual Amounts	Variance
	Original	Final		
<u>REVENUES</u>				
Building permits and platting fees	\$ 1,009,150	\$ 680,000	\$ 777,752	\$ 97,752
Investment income	400	1,698	3,066	1,368
Total revenues	1,009,550	681,698	780,818	99,120
<u>EXPENDITURES</u>				
Accounting and audit	8,500	8,400	8,400	-
Bank charges	100	50	21	29
Contingency	300,000	-	-	-
Dues	900	2,000	1,238	762
Insurance	3,000	10,000	2,053	7,947
Legal	20,000	10,000	12,883	(2,883)
Management fees	92,500	92,500	77,085	15,415
Postage	100	-	-	-
Utilities	400	400	529	(129)
Total expenditures	425,500	123,350	102,209	21,141
Excess of revenues over (under) expenditures	584,050	558,348	678,609	77,979
<u>OTHER FINANCING USES</u>				
Transfer (to) from other funds	(750,000)	-	(1,439,269)	1,439,269
Total other financing uses	(750,000)	-	(1,439,269)	1,439,269
Net change in fund balance	\$ (165,950)	\$ 558,348	(760,660)	\$ (1,319,008)
Fund balance, beginning of year			813,183	
Fund balance, end of year			\$ 52,523	

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, 2021

1. DEFINITION OF REPORTING ENTITY

Woodmen Road Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in November 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 to provide for the acquisition, construction, installation, operation and maintenance of certain public improvements including street improvements, drainage, 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 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. Material 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.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and b) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

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

Measurement focus, basis of accounting and financial statement 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 when 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 accounts 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 to be used in payment of long-term debt.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with state budget law, the District 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.

The District amended its annual budget for the year ended December 31, 2021.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2021 in the debt service fund, which may be a violation of state 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 equity balance in the total cash and investments.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is 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 uncollectable 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.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$5,000 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 acquisition value at the date of contribution.

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

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

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 (expenditures) until then. Accordingly, that item, 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 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. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balances

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.

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, 2021

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - restricted	<u><u>\$ 9,283,396</u></u>
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The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2021, are as follows:

Deposits with financial institutions	\$ 3,732,079
Investments	<u>5,551,317</u>
	<u><u>\$ 9,283,396</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, 2021, the District's cash deposits had a bank balance of \$3,732,079 and a book balance of \$3,732,079.

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, 2021

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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US 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, 2021, 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>\$ 5,551,317</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, 2021

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Balance 1/1/2021</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions/ Reclass- ifications</u>	<u>Balance 12/31/21</u>
Governmental activities				
Public improvements	\$ 257,238	\$ -	\$ -	\$ 257,238
Less accumulated depreciation	<u>(82,565)</u>	<u>(8,742)</u>	<u>-</u>	<u>(91,307)</u>
Capital assets, net	<u><u>\$ 174,673</u></u>	<u><u>\$ (8,742)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 165,931</u></u>

Depreciation expense for the year ended December 31, 2021 totaled \$8,742.

5. LONG-TERM OBLIGATIONS

The following is a summary of changes in bonds payable during the year ended December 31, 2021:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Repayments/ Accretion</u>	<u>Balance 12/31/21</u>	<u>Due within one year</u>
Series 2010 Bond	\$ 4,480,000	\$ -	\$ 585,000	\$ 3,895,000	\$ 580,000
Series 2010 Bond discount	(34,667)	-	(8,033)	(26,634)	-
Series 2018 Bond	6,315,000	-	715,000	5,600,000	800,000
Series 2018 Bond premium	<u>211,122</u>	<u>-</u>	<u>52,055</u>	<u>159,067</u>	<u>-</u>
	<u><u>\$ 10,971,455</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,344,022</u></u>	<u><u>\$ 9,627,433</u></u>	<u><u>\$ 1,380,000</u></u>

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2010 General Obligation Limited Tax Refunding Bonds

On September 29, 2010, the District issued Series 2010 General Obligation Limited Tax Refunding Bonds ("Series 2010 Bonds") for the purpose of: (i) funding the escrow account to refund the previously issued bonds; (ii) funding the reserve fund; and (iii) paying the costs of issuing the Series 2010 Bonds and refunding the previously issued bonds. The Series 2010 Bonds were issued in the amount of \$9,720,000, less an original issue discount of \$157,754. The bonds bear interest at interest rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each June 1 and December 1, and mature on December 1 in the years and amounts as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 580,000	3.375%
2023	600,000	3.375%
2024	600,000	3.500%
2025	630,000	3.600%
2026	625,000	3.750%
2027	860,000	3.750%

The Series 2010 Bonds are secured and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy; (b) portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (c) any other legally available monies which the District determines to be treated as pledged revenue. The Series 2010 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 within the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as they become due and payable. 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 2021, the District levied 11.657 mills for the debt service fund.

The District is required to maintain bond payment and reserve 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.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2010 General Obligation Limited Tax Refunding Bonds (continued)

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as required by the indenture.
- ii. The District defaults in the performance or observance of any other of the covenants, agreements or conditions on the part of the District in the indenture or the bond resolution.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled as a matter of right to the appointment of one or more receivers of the trust estate and of the revenues, income, product and profits thereof pending such proceedings, subject, however, to constitutional limitations inherent in the sovereignty of the District. Notwithstanding the appointment of any receiver or other custodian, the trustee is entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to, the trustee.
- ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- iii. Mandamus or other suit: The owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term obligations on the 2010 Series Bonds mature as follows:

Year Ending December 31,	Principal	Interest	Total
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	625,000	55,688	680,688
2027	860,000	32,250	892,250
Total	<u>\$ 3,895,000</u>	<u>\$ 524,483</u>	<u>\$ 4,419,483</u>

Series 2018 General Obligation Limited Tax Refunding Bonds

On September 21, 2018, the District issued Series 2018 General Obligation Limited Tax Refunding Bonds ("Series 2018 Bonds") for the purpose of: (i) refunding and defeasing the previously issued bonds; and (ii) paying the costs of issuing the Series 2018 Bonds. The Series 2018 Bonds were issued in the amount of \$8,275,000, plus an original issue premium of \$346,992. The bonds bear interest at 4.000% 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 June 1 and December 1, and mature on December 1, 2027.

The Series 2018 Bonds are secured and payable from pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy; (b) portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (c) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient to pay the principal, premium, and interest on the bonds as they become due and payable. 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 2021, the District levied 11.657 mills for the debt service fund.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 General Obligation Limited Tax Refunding Bonds (continued)

The District's long-term obligations on the 2018 Series Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,045,000	63,150	1,108,150
2027	<u>1,060,000</u>	<u>31,800</u>	<u>1,091,800</u>
Total	<u>\$ 5,600,000</u>	<u>\$ 707,550</u>	<u>\$ 6,307,550</u>

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. The District fails to (i) impose the required mill levy; or (ii) collect or apply the pledged revenue as required by the indenture for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, has been given to the District by the trustee or to the District and the by the consent parties with respect to a majority of the aggregate principal amount of the bonds outstanding.

- ii. The District fails to observe or perform any covenant or agreement on its part under the indenture for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, has been given to the District by the trustee, or the District and the trustee by the consent parties with respect to a majority of the aggregate principal amount of bonds outstanding.

- iii. The District institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it, or files a petition or answers or requests to a petition seeking its reorganization or relief under the federal bankruptcy code or any applicable federal or state law, or consents to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, or sequestor (or other similar official) of the District or of any substantial part of its property, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 General Obligation Limited Tax Refunding Bonds (continued)

Events of default (continued)

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled as a matter of right to the appointment of one or more receivers of the trust estate and of the revenues, income, product and profits thereof pending such proceedings, subject, however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee is entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to, the trustee.
- ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- iii. Mandamus or other suit: The owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

See independent auditor's report.

WOODMEN ROAD METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. NET POSITION

The District has net position consisting of three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2021, the District had net position invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt:

Capital assets, net	\$ 165,931
Related long-term obligations	<u>(257,238)</u>

Invested in capital assets, net of related debt	<u><u>\$ (91,307)</u></u>
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Restricted net position includes balances with 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, 2021, as follows:

Restricted net position:

Debt service (Note 5)	\$ 9,274,889
Emergency reserve (Note 9)	<u>3,100</u>
	<u><u>\$ 9,277,989</u></u>

The District's unrestricted net position as of December 31, 2021 totaled a deficit of \$9,120,320. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds.

7. RELATED PARTIES

The members of the board of directors are officers, employees or associated with the developer 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, 2021

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 contractors; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2021. 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, 2021

	Budget		Actual Amounts	Variance
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 2,678,528	\$ 2,640,494	\$ 2,650,809	\$ 10,315
Specific ownership taxes	187,497	314,663	313,749	(914)
Investment income	30,000	1,521	1,872	351
Total revenues	2,896,025	2,956,678	2,966,430	9,752
<u>EXPENDITURES</u>				
Bank charges	10,000	350	3,794	(3,444)
Bond fees	3,000	3,000	-	3,000
Bond principal	1,300,000	1,300,000	1,300,000	-
County Treasurer's fees	40,178	39,941	40,090	(149)
Interest expense	389,755	389,755	389,755	-
Legal	-	-	1,485	(1,485)
Management fees	-	-	15,417	(15,417)
Total expenditures	1,742,933	1,733,046	1,750,541	(17,495)
<u>OTHER FINANCING SOURCES</u>				
Transfer (to) from other funds	750,000	-	1,439,269	1,439,269
Total other financing sources	750,000	-	1,439,269	1,439,269
Net change in fund balance	\$ 1,903,092	\$ 1,223,632	2,655,158	\$ 1,431,526
Fund balance, beginning of year			6,649,997	
Fund balance, end of year			\$ 9,305,155	

See independent auditor's report.