

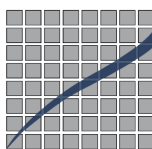
**WOODMEN ROAD METROPOLITAN DISTRICT**  
**EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Woodmen Road Metropolitan District**

El Paso County, Colorado

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, 2022, 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, 2022, 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 23, 2023

# WOODMEN ROAD METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,579,713
Accounts receivable	222,230
Receivable from County Treasurer	9,304
Capital assets, net	157,185
<b>Total assets</b>	<b>1,968,432</b>
<b><u>LIABILITIES</u></b>	
Accounts payable	4,613
Accrued liabilities	500,000
<b>Total liabilities</b>	<b>504,613</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	157,185
Restricted for:	
Emergency reserve	3,800
Unrestricted	1,302,834
<b>Total net position</b>	<b>\$ 1,463,819</b>

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, 2022

<b>FUNCTIONS / PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Primary government					
Government activities:					
General government	\$ 650,934	\$ 1,119,600	\$ -	\$ -	\$ 468,666
Interest and related costs on long-term debt	329,302	-	-	-	(329,302)
<b>Total government activities</b>	<b>\$ 980,236</b>	<b>\$ 1,119,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>139,364</b>
<b>GENERAL REVENUES</b>					
Gain on defeasance					40,849
Property taxes					1,090,199
Specific ownership taxes					113,781
Investment income					13,264
<b>Total general revenues</b>					<b>1,258,093</b>
<b>Change in net position</b>					<b>1,397,457</b>
<b>Net position, beginning of year</b>					<b>66,362</b>
<b>Net position, end of year</b>					<b>\$ 1,463,819</b>

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, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 834,108	\$ 745,605	\$ 1,579,713
Accounts receivable	222,230	-	222,230
Receivable from County Treasurer	-	9,304	9,304
Due from other funds	754,909	-	754,909
Total assets	<u>\$ 1,811,247</u>	<u>\$ 754,909</u>	<u>\$ 2,566,156</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 4,613	\$ -	\$ 4,613
Due to other funds	-	754,909	754,909
Total liabilities	<u>4,613</u>	<u>754,909</u>	<u>759,522</u>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Emergency reserve	3,800	-	3,800
Unassigned:			
Unrestricted	1,802,834	-	1,802,834
Total fund balances	<u>1,806,634</u>	<u>-</u>	<u>1,806,634</u>
Total liabilities and fund balances	<u>\$ 1,811,247</u>	<u>\$ 754,909</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 157,185

Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

    Loss contingency (500,000)

Net position of governmental activities \$ 1,463,819

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, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Building permits and platting fees	\$ 1,119,600	\$ -	\$ 1,119,600
Property taxes	-	1,090,199	1,090,199
Specific ownership taxes	-	113,781	113,781
Investment income	5,374	7,890	13,264
<b>Total revenues</b>	<b>1,124,974</b>	<b>1,211,870</b>	<b>2,336,844</b>
<b><u>EXPENDITURES</u></b>			
Current:			
Audit and accounting	8,825	-	8,825
Bank charges	6,825	-	6,825
County Treasurer fees	-	16,415	16,415
Dues and subscriptions	1,238	-	1,238
Insurance	2,087	-	2,087
Legal services	6,500	-	6,500
Management fees	92,500	-	92,500
Postage	2,693	-	2,693
Professional fees	4,813	-	4,813
Utilities	291	-	291
Debt service:			
Bond defeasement	-	3,568,615	3,568,615
Bond defeasement costs	-	12,000	12,000
Bond principal payments	-	6,000,000	6,000,000
Bond interest payments	-	165,086	165,086
<b>Total expenditures</b>	<b>125,772</b>	<b>9,762,116</b>	<b>9,887,888</b>
<b>Excess of revenues over expenditures</b>	<b>999,202</b>	<b>(8,550,246)</b>	<b>(7,551,044)</b>
<b><u>OTHER FINANCING SOURCES AND USES</u></b>			
Transfer between funds	754,909	(754,909)	-
<b>Total other financing sources and uses</b>	<b>754,909</b>	<b>(754,909)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,754,111</b>	<b>(9,305,155)</b>	<b>(7,551,044)</b>
Fund balances, beginning of year	52,523	9,305,155	9,357,678
<b>Fund balances, end of year</b>	<b>\$ 1,806,634</b>	<b>\$ -</b>	<b>\$ 1,806,634</b>

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, 2022**

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Net change in fund balances \$ (7,551,044)

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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 allocation 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 (8,746)

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

<u>Bond principal payments</u>	6,000,000
<u>Bond defeasement</u>	3,568,615
<u>Amortization of 2010 Bond discount on repayment</u>	(26,634)
<u>Accretion of 2018 Bond premium on defeasement</u>	36,628
<u>Recognition of deferred balances on advance</u>	
<u>refunding of Series 2010 Bonds on defeasement</u>	(200,452)
<u>Gain on defeasance</u>	40,849

Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

<u>Change in accrued interest</u>	38,241
<u>Loss contingency</u>	(500,000)

Change in net position \$ 1,397,457

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>REVENUES</u></b>				
Building permits and platting fees	\$ 907,900	\$ 1,119,600	\$ 1,119,600	\$ -
Investment income	1,500	5,374	5,374	-
<b>Total revenues</b>	<b>909,400</b>	<b>1,124,974</b>	<b>1,124,974</b>	<b>-</b>
<b><u>EXPENDITURES</u></b>				
Audit and accounting	9,000	8,825	8,825	-
Bank charges	100	6,825	6,825	-
Contingency	300,000	-	-	-
Dues and subscriptions	1,500	1,238	1,238	-
Insurance	18,000	2,087	2,087	-
Legal services	20,000	6,500	6,500	-
Management fees	97,125	92,500	92,500	-
Postage	100	2,693	2,693	-
Professional fees	-	4,813	4,813	-
Utilities	400	291	291	-
<b>Total expenditures</b>	<b>446,225</b>	<b>125,772</b>	<b>125,772</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>463,175</b>	<b>999,202</b>	<b>999,202</b>	<b>-</b>
<b><u>OTHER FINANCING SOURCES AND USES</u></b>				
Transfer (to) from other funds	-	(754,909)	754,909	1,509,818
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(754,909)</b>	<b>754,909</b>	<b>1,509,818</b>
<b>Net change in fund balance</b>	<b>\$ 463,175</b>	<b>\$ 244,293</b>	<b>1,754,111</b>	<b>\$ 1,509,818</b>
Fund balance, beginning of year			52,523	
Fund balance, end of year			<b>\$ 1,806,634</b>	

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, 2022

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### 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 construct, acquire, install, operate, and maintain 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 plus deferred outflows of resources and the liabilities plus deferred inflows of resources is reported as net position.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 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.

#### 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.

See independent auditor's report.

# WOODMEN ROAD METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2022

---

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another 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 for repayment of debt.

#### 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, 2022.

#### Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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.

#### 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 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 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 amounts, 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.

#### 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 cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

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.

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.

See independent auditor's report.

**WOODMEN ROAD METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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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.

Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

*Net position*

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

*Fund balances*

Fund balances 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, 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.

**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments

\$ 1,579,713

\$ 1,579,713

See independent auditor's report.

**WOODMEN ROAD METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2022, are as follows:

Deposits with financial institutions	<u>\$ 1,579,713</u>
	<u>\$ 1,579,713</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, 2022, the District's cash deposits had a bank balance of \$1,572,876 and a carrying balance of \$1,579,713.

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. The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

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, 2022, the District had no investments.

See independent auditor's report.

# WOODMEN ROAD METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, is as follows:

	Balance 01-01-22	Additions	Dispositions	Reclassifications	Balance 12-31-22
<u>Governmental activities</u>					
Capital assets, depreciable:					
Public improvements	\$ 257,238	\$ -	\$ -	\$ -	\$ 257,238
Total capital assets, depreciable	257,238	-	-	-	257,238
Less accumulated depreciation for:					
Public improvements	(91,307)	(8,746)	-	-	(100,053)
Total accumulated depreciation	(91,307)	(8,746)	-	-	(100,053)
Capital assets, net	<u>\$ 165,931</u>	<u>\$ (8,746)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,185</u>

Depreciation expense for the year ended December 31, 2022, totaled \$8,746.

### 5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2022:

	Balance 01-01-22	Additions	Repayments / Amortization	Defeasement	Balance 12-31-22
<u>Governmental activities</u>					
Bonds payable:					
Series 2010 Bond	\$ 3,895,000	\$ -	\$ (3,895,000)	\$ -	\$ -
Series 2010 Bond discount	(26,634)	-	26,634	-	-
Series 2018 Bond	5,600,000	-	(2,105,000)	(3,495,000)	-
Series 2018 Bond premium	159,067	-	(36,628)	(122,439)	-
Total long-term obligations	<u>\$ 9,627,433</u>	<u>\$ -</u>	<u>\$ (6,009,994)</u>	<u>\$ (3,617,439)</u>	<u>\$ -</u>

#### 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 Series 2010 Bonds were paid in full during the year ended December 31, 2022.

#### 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

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# WOODMEN ROAD METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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\$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. During the year ended December 31, 2022, \$6,000,000 of principal was prepaid, and \$3,495,000 of principal was defeased on the Series 2018 Bonds.

On October 11, 2022, the District placed \$3,588,590 in an irrevocable trust that is to be used to service the future debt requirements of the refunded debt. The funds deposited within the escrow account were invested in and are limited to securities of state and local governments with maturities approximating those of the principal and interest requirements of the defeased debt. The escrow agent will redeem the securities in appropriate amounts to pay the principal and interest on the Series 2018 Bonds as they become due. The refunding resulted in an economic gain as follows:

Cash placed into escrow	\$ (3,588,590)
Less defeasance costs	<u>12,000</u>
Reacquisition price of the debt	(3,576,590)
Less principal balance at defeasement	(3,495,000)
Plus bond premium at defeasement	<u>122,439</u>
Gain on defeasance	<u>\$ 40,849</u>

The payments required by the escrow agent to service the outstanding debt defeased in substance as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest
2023	\$ 830,000	\$ 107,800
2024	920,000	74,600
2025	<u>945,000</u>	<u>37,800</u>
Total	<u>\$ 2,695,000</u>	<u>\$ 220,200</u>

The remaining principal on the Series 2018 Bonds is no longer recorded as a liability of the District, as sufficient funds were placed into escrow to fund future principal and interest payments. If the escrowed funds are insufficient to meet the outstanding debt defeased in substance, the District may be required to make additional payments to cover the shortfall. District management believes this is unlikely.

## 6. CONTINGENT LIABILITY

The District was a defendant in a lawsuit and is considering a settlement with the counterparty. Management estimates the final judgment or settlement will be \$500,000 or more. Accordingly, \$500,000 has been accrued and included in accrued liabilities and general expenses in the government-wide statement of net position and the statement of activities, respectively. Any additional expense will be recognized in the period it is determined to be probable.

## 7. NET POSITION

The District has net position consisting of: 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.

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**WOODMEN ROAD METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of December 31, 2022, 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	\$ 157,185
Related long-term obligations	-
Invested in capital assets, net of related debt	\$ 157,185

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, 2022 as follows:

Restricted net position:	
Emergency reserve (Note 10)	\$ 3,800
	\$ 3,800

The District's unrestricted net position as of December 31, 2022, was \$1,302,834.

**8. 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.

**9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**10. TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

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.

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# WOODMEN ROAD METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>REVENUES</u></b>				
Property taxes	\$ 3,189,030	\$ 1,090,199	\$ 1,090,199	\$ -
Specific ownership taxes	223,232	113,781	113,781	-
Investment income	5,200	7,890	7,890	-
<b>Total revenues</b>	<b>3,417,462</b>	<b>1,211,870</b>	<b>1,211,870</b>	<b>-</b>
<b><u>EXPENDITURES</u></b>				
Bank charges	9,100	-	-	-
County Treasurer fees	47,835	16,415	16,415	-
Bond defeasement costs	-	12,000	12,000	-
Bond defeasement	-	3,568,615	3,568,615	-
Bond principal payments	1,380,000	6,000,000	6,000,000	-
Bond interest payments	341,713	165,086	165,086	-
<b>Total expenditures</b>	<b>1,778,648</b>	<b>9,762,116</b>	<b>9,762,116</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>1,638,814</b>	<b>(8,550,246)</b>	<b>(8,550,246)</b>	<b>-</b>
<b><u>OTHER FINANCING SOURCES AND USES</u></b>				
Transfer (to) from other fund	-	3,195,961	(754,909)	(3,950,870)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>3,195,961</b>	<b>(754,909)</b>	<b>(3,950,870)</b>
<b>Net change in fund balance</b>	<b>\$ 1,638,814</b>	<b>\$ (5,354,285)</b>	<b>(9,305,155)</b>	<b>\$ (3,950,870)</b>
Fund balance, beginning of year			9,305,155	
Fund balance, end of year			<b>\$ -</b>	

See independent auditor's report.