

TAKODA METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2021

with

Independent Auditor's Report

## C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	17
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	18

Board of Directors  
Takoda Metropolitan District  
Boulder County, Colorado

## Independent Auditor's Report

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Takoda Metropolitan District (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Takoda Metropolitan District as of December 31, 2021, and 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 (GAAP), 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 GAAS 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 GAAS, 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 Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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, who 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.

### Supplemental 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 supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental 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. The 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Wipfli LLP*

Wipfli LLP  
Lakewood, Colorado

September 12, 2022

**TAKODA METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>					
Cash and investments	\$ 10,896	\$ -	\$ 10,896	\$ -	\$ 10,896
Cash and investments - restricted	1,049	469,091	470,140	-	470,140
Receivable - County Treasurer	203	3,354	3,557	-	3,557
Property taxes receivable	50,528	836,478	887,006	-	887,006
Prepaid expenses	2,129	-	2,129	-	2,129
Capital assets not being depreciated	-	-	-	9,076,523	9,076,523
Total Assets	<u>64,805</u>	<u>1,308,923</u>	<u>1,373,728</u>	<u>9,076,523</u>	<u>10,450,251</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	-	1,692,622	1,692,622
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,692,622</u>	<u>1,692,622</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 64,805</u>	<u>\$ 1,308,923</u>	<u>\$ 1,373,728</u>		
<b>LIABILITIES</b>					
Accounts payable	\$ 3,851	\$ -	\$ 3,851	-	3,851
Accrued interest on bonds	-	-	-	64,163	64,163
Long-term liabilities:					
Due within one year	-	-	-	220,000	220,000
Due in more than one year	-	-	-	13,156,101	13,156,101
Total Liabilities	<u>3,851</u>	<u>-</u>	<u>3,851</u>	<u>13,440,264</u>	<u>13,444,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	50,528	836,478	887,006	-	887,006
Total Deferred Inflows of Resources	<u>50,528</u>	<u>836,478</u>	<u>887,006</u>	<u>-</u>	<u>887,006</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Prepays	2,129	-	2,129	(2,129)	-
Restricted:					
Emergencies	1,049	-	1,049	(1,049)	-
Debt service	-	472,445	472,445	(472,445)	-
Unassigned	7,248	-	7,248	(7,248)	-
Total Fund Balances	<u>10,426</u>	<u>472,445</u>	<u>482,871</u>	<u>(482,871)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 64,805</u>	<u>\$ 1,308,923</u>	<u>\$ 1,373,728</u>		
<b>NET POSITION</b>					
Restricted for:					
Emergencies				1,049	1,049
Debt service				472,445	472,445
Unrestricted				<u>(2,661,742)</u>	<u>(2,661,742)</u>
Total Net Position (Deficit)				<u>\$ (2,188,248)</u>	<u>\$ (2,188,248)</u>

The notes to the financial statements are an integral part of these statements.

**TAKODA METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
Accounting and audit	\$ 9,771	\$ -	\$ 9,771	\$ -	\$ 9,771
Insurance	2,519	-	2,519	-	2,519
Legal and election	11,820	-	11,820	-	11,820
Management fees	4,424	-	4,424	-	4,424
Miscellaneous expenses	150	-	150	-	150
Treasurer's fees	695	11,513	12,208	-	12,208
Interest on developer notes	-	-	-	10,696	10,696
Paying agent fees	-	3,800	3,800	-	3,800
Supplemental B Coupon	-	160,000	160,000	(160,000)	-
Bond interest Series 2018	-	633,000	633,000	100,892	733,892
Total Expenditures	<u>29,379</u>	<u>808,313</u>	<u>837,692</u>	<u>(48,412)</u>	<u>789,280</u>
<b>GENERAL REVENUES</b>					
Property taxes	46,296	766,411	812,707	-	812,707
Specific ownership taxes	2,294	37,972	40,266	-	40,266
Interest income	69	1,264	1,333	-	1,333
Total General Revenues	<u>48,659</u>	<u>805,647</u>	<u>854,306</u>	<u>-</u>	<u>854,306</u>
NET CHANGE IN FUND BALANCES	19,280	(2,666)	16,614	(16,614)	
CHANGE IN NET POSITION				65,026	65,026
<b>FUND BALANCE/NET POSITION:</b>					
BEGINNING OF YEAR	<u>(8,854)</u>	<u>475,111</u>	<u>466,257</u>	<u>(2,719,531)</u>	<u>(2,253,274)</u>
END OF YEAR	<u>\$ 10,426</u>	<u>\$ 472,445</u>	<u>\$ 482,871</u>	<u>\$ (2,671,119)</u>	<u>\$ (2,188,248)</u>

The notes to the financial statements are an integral part of these statements.

## TAKODA METROPOLITAN DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -

#### GENERAL FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 46,310	\$ 46,296	\$ (14)
Specific ownership taxes	2,355	2,294	(61)
Interest income	100	69	(31)
Total Revenues	48,745	48,659	(106)
<b>EXPENDITURES</b>			
Accounting and audit	7,500	9,771	(2,271)
Insurance	2,700	2,519	181
Legal and election	10,000	11,820	(1,820)
Management fees	6,000	4,424	1,576
Miscellaneous expenses	500	150	350
Treasurer's fees	695	695	-
Contingency	6,890	-	6,890
Emergency reserve	822	-	822
Total Expenditures	35,107	29,379	5,728
<b>NET CHANGE IN FUND BALANCE</b>	13,638	19,280	5,622
<b>FUND BALANCE</b>			
BEGINNING OF YEAR	(13,638)	(8,854)	4,784
END OF YEAR	\$ -	\$ 10,426	\$ 10,406

The notes to the financial statements are an integral part of these statements.



# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Takoda Metropolitan District, located in Boulder County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized in November 2008, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District was established for the purpose of providing streets, traffic safety, water, sewer, drainage and parks and recreation facilities and services within its service area. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

The government-wide financial statements (i.e. the balance sheet/statement of net position and the statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 collectible 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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

### Assets, Liabilities and Net Position

#### Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in the category, a deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2021.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### 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 by certification to the County Commissioners to put the tax lien on the individual properties 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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable Fund Balance represents prepaid insurance.

### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,049 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$472,445 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

### Note 2: Cash and Investments

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

#### Statement of Net Position:

Cash and investments	\$ 10,896
Cash and investments – restricted	<u>470,140</u>
Total	<u>\$ 481,036</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	\$ 14,579
Investments – COLOTRUST	<u>466,457</u>
Total	<u>\$ 481,036</u>

#### Deposits

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

#### Investments

##### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2021, the District had the following investment:

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2021, the District had \$466,457 invested in COLOTRUST Plus+.



TAKODA METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

Governmental Type Activities:	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 9,076,523	\$ -	\$ -	\$ 9,076,523
Government type assets, net	<u>\$ 9,076,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,076,523</u>

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2021, is as follows:

\$10,055,000 General Obligation (Limited Tax Convertible to Unlimited Tax Bonds, Series 2018A and \$534,000 Subordinate General Obligation Limited Tax Bonds, Series 2018B

On October 23, 2018, the District issued \$10,550,000 Limited Tax General Obligation Refunding Bonds, Series 2018 (“Series 2018 Bonds”) and \$2,070,000 (“Maturity Amount”) \$1,589,344 (Issue Price) Supplemental Interest Certificates (“Interest Certificates”), or combined (“Series 2018 Obligation”) for the purpose of refunding outstanding obligations of the District, funding a debt service reserve for the Series 2018 Obligation and paying the costs of issuance. The Series 2018 Bonds bear interest at the rate of 6.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2019. The Interest Certificates bear interest at the rates ranging from 3.20% to 4.40% payable annually on December 1, commencing on December 1, 2020. The Series 2018 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2029 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2028, upon payment of par, accrued interest.

The Series 2018 Obligation is secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available monies as determined by the District.

## TAKODA METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2021

As a result of the issuance of the Series 2018 Obligation, the Refunded Bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$1,869,854. This amount is recorded as a deferred outflow and is being amortized over the original remaining life of the Refunded Bonds. The refunding resulted in an economic gain of \$2,116,608 due to the average interest rate of the Series 2018 Obligation being lower than the Refunded Bonds.

Events of Default as defined in the Series 2018 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2018 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2018 Bonds is not an available remedy for an Event of Default.

#### Reimbursement Agreements

On September 13, 2012, the District entered into a Reimbursement Agreement with The Ryland Group, Inc, (“Ryland”) whereby the District agreed to reimburse Ryland for advances made by Ryland for operations and maintenance costs plus interest. Interest shall accrue at 5% per annum for advances made prior to September 13, 2012, and at 8% per annum for advances made on or after September 13, 2012. This Agreement does not constitute a debt or multiple-fiscal year obligation. Reimbursement of the advances is subject to annual appropriation and is purely discretionary. At December 31, 2021 the total amount outstanding under this agreement is \$275,118, including principal of \$213,915 and accrued interest of \$61,203.

On October 11, 2012, the District entered into a Reimbursement Agreement with Takoda Properties, Inc, (“Takoda”) whereby the District agreed to reimburse Takoda for advances made by Takoda for operations and maintenance costs plus interest. Interest shall accrue at 8% per annum. This Agreement does not constitute a debt or multiple-fiscal year obligation. Reimbursement of the advances is subject to annual appropriation and is purely discretionary.

#### Advance Agreement

During 2012, the District entered into an Advance Agreement with Ryland and Takoda whereby Ryland agreed to advance up to \$5,000 in 2014 and 2015 for general fund expenditures, if general fund expenses exceed general fund property tax revenue. Takoda agreed to make advances of any additional shortfall in revenue in the general fund for 2014 and 2015. These advances will be reimbursed in accordance with the Reimbursement Agreements described above.

TAKODA METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

Funding Agreement

On March 8, 2018, the District entered into a Funding Agreement with CalAtlantic Group, Inc (“CalAtlantic”) and Takoda whereby CalAtlantic and Takoda agreed to advance up to \$35,000 for operations and maintenance costs. These advances will be reimbursed with interest.

The following is an analysis of changes in long-term debt for the period ending December 31, 2021:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
<b><u>General Obligation Bonds</u></b>					
Series 2018 Bonds	\$ 10,550,000	\$ -	\$ -	\$ 10,550,000	\$ -
Supplemental Interest Certificates	1,648,326	65,241	160,000	1,553,567	220,000
<b><u>Other</u></b>					
Developer advance - Ryland	213,915	-	-	213,915	-
Accrued interest - Ryland	50,507	10,696	-	61,203	-
	<u>12,462,748</u>	<u>75,937</u>	<u>160,000</u>	<u>12,378,685</u>	<u>220,000</u>
Original issue premium	1,048,895	-	51,479	997,416	-
Total	<u>\$ 13,511,643</u>	<u>\$ 75,937</u>	<u>\$ 211,479</u>	<u>\$ 13,376,101</u>	<u>\$ 220,000</u>

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2018 Obligation based on the accreted maturity amount of the interest certificates.

	Principal	Interest	Total
2022	\$ 220,000	\$ 700,308	\$ 920,308
2023	260,000	694,545	954,545
2024	260,000	686,615	946,615
2025	260,000	677,788	937,788
2026	260,000	668,186	928,186
2027-2031	1,240,000	3,163,640	4,403,640
2032-2036	1,385,000	2,805,000	4,190,000
2037-2041	2,180,000	2,297,400	4,477,400
2042-2046	2,865,000	1,569,600	4,434,600
2047-2050	<u>3,455,000</u>	<u>567,600</u>	<u>4,022,600</u>
	<u>\$ 12,385,000</u>	<u>\$ 13,830,682</u>	<u>\$ 26,215,682</u>

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Debt Authorization

As of December 31, 2021, the District had remaining voted debt authorization of approximately \$21,317,700. The Service Plan limits the debt to a total of \$10,550,000. The District has not budgeted to issue any new debt during 2022.

### Note 5: Tax, Spending and Debt Limitations

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

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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.

The District’s management believes it 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 require judicial interpretation.

### Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

# TAKODA METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Note 7: Intergovernmental Agreement

On September 16, 2008, the District and the City of Louisville (“City”) entered into an Intergovernmental Agreement. Per the Intergovernmental Agreement, the District would deposit \$290,000 with the City upon the issuance of bonds by the District. On November 1, 2010, the District issued its Series 2010 Bonds and deposited the \$290,000 in funds with the City to be escrowed. The City shall use the funds solely and exclusively for constructing street improvements. The City shall apply interest accrued on the Regional Improvements Escrow to the costs of constructing the street improvements. The District shall dedicate the street improvements to the City or other appropriate jurisdiction or owner’s association as directed by the City. Per the Intergovernmental Agreement and the Service Plan, the District will not issue Debt in excess of \$10,550,000 in total aggregate principal amount.

### Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Balance Sheet/Statement of Net Position – Governmental Funds includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 3) governmental funds report developer advances as revenue.

SUPPLEMENTAL INFORMATION

## TAKODA METROPOLITAN DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 766,641	\$ 766,411	\$ (230)
Specific ownership taxes	38,715	37,972	(743)
Interest income	<u>5,000</u>	<u>1,264</u>	<u>(3,736)</u>
Total Revenues	<u>810,356</u>	<u>805,647</u>	<u>(4,709)</u>
<b>EXPENDITURES</b>			
Treasurer's fees	11,500	11,513	(13)
Paying agent fees	6,000	3,800	2,200
Supplemental B Coupon	160,000	160,000	-
Bond interest Series 2018	<u>633,000</u>	<u>633,000</u>	<u>-</u>
Total Expenditures	<u>810,500</u>	<u>808,313</u>	<u>2,187</u>
<b>NET CHANGE IN FUND BALANCE</b>	(144)	(2,666)	(2,522)
<b>FUND BALANCE</b>			
BEGINNING OF YEAR	<u>466,484</u>	<u>475,111</u>	<u>8,627</u>
END OF YEAR	<u>\$ 466,340</u>	<u>\$ 472,445</u>	<u>\$ 6,105</u>

The notes to the financial statements are an integral part of these statements.

**TAKODA METROPOLITAN DISTRICT**

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED

December 31, 2021

Collection Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Mills Levied		Total Property Tax		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
		2014	\$ 6,725,834	3.717	46.283	
2015	\$ 9,380,662	2.708	47.292	\$ 469,033	\$ 812,707	173.27%
2016	\$ 13,199,701	1.894	48.106	\$ 659,985	\$ 33,617	5.09%
2017	\$ 13,332,453	1.875	48.125	\$ 666,623	\$ 666,622	100.00%
2018	\$ 14,198,195	1.760	48.240	\$ 709,910	\$ 709,910	100.00%
2019	\$ 14,346,134	2.211	42.011	\$ 634,415	\$ 634,414	100.00%
2020	\$ 15,396,206	1.655	48.000	\$ 764,499	\$ 764,499	100.00%
2021	\$ 15,436,555	3.000	49.664	\$ 812,951	\$ 812,707	99.97%
Estimated for year ending December 31, 2022	\$ 16,842,739	3.000	49.664	\$ 887,006		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.