# WHISPERING PINES METROPOLITAN DISTRICT NO. 1
**Arapahoe County, Colorado**

## FINANCIAL STATEMENTS
**Year Ended December 31, 2022**

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Board of Directors
Whispering Pines Metropolitan District No. 1
Arapahoe County, Colorado

Independent Auditor's Report

## Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Pines Metropolitan District No. 1 (the "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 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 Whispering Pines Metropolitan District No. 1 as of December 31, 2022, 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 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 basic financial statements that collectively comprise the District's basic financial statements as a whole. 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 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.

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

February 22, 2023

# BASIC FINANCIAL STATEMENTS

## Whispering Pines Metropolitan District No. 1

### BALANCE SHEET/STATEMENT OF NET POSITION
### GOVERNMENTAL FUNDS
### December 31, 2022

| | General | Debt Service | Capital Projects | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and investments | $ 136,459 | $ - | $ - | $ 136,459 | $ - | $ 136,459 |
| Cash and investments - restricted | 23,900 | 4,479,043 | - | 4,502,943 | - | 4,502,943 |
| Receivable from county treasurer | 3,355 | 7,211 | - | 10,566 | - | 10,566 |
| Property taxes receivable | 782,312 | 1,558,502 | - | 2,340,814 | - | 2,340,814 |
| Prepaid expenses | 18,869 | - | - | 18,869 | - | 18,869 |
| Capital assets not being depreciated | - | - | - | - | 35,187,372 | 35,187,372 |
| **Total Assets** | **$ 964,895** | **$ 6,044,756** | **$ -** | **$ 7,009,651** | **$ 35,187,372** | **$ 42,197,023** |
| **LIABILITIES** | | | | | | |
| Accounts payable | 15,726 | - | - | 15,726 | - | 15,726 |
| Accrued interest | - | - | - | - | 6,294,478 | 6,294,478 |
| Long-term liabilities: | | | | | | |
| Due in more than one year | - | - | - | - | 30,912,210 | 30,912,210 |
| Total Liabilities | 15,726 | - | - | 15,726 | 37,206,688 | 37,222,414 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Deferred property taxes | 782,312 | 1,558,502 | - | 2,340,814 | - | 2,340,814 |
| Total Deferred Inflows of Resources | 782,312 | 1,558,502 | - | 2,340,814 | - | 2,340,814 |
| **FUND BALANCES/NET POSITION** | | | | | | |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaids | 18,869 | - | - | 18,869 | (18,869) | - |
| Restricted: | | | | | | |
| Emergencies | 23,900 | - | - | 23,900 | (23,900) | - |
| Debt service | - | 4,486,254 | - | 4,486,254 | (4,486,254) | - |
| Unassigned | 124,088 | - | - | 124,088 | (124,088) | - |
| Total Fund Balances | 166,857 | 4,486,254 | - | 4,653,111 | (4,653,111) | - |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balances** | **$ 964,895** | **$ 6,044,756** | **$ -** | **$ 7,009,651** | | |
| Net Position: | | | | | | |
| Net investment in capital assets | | | | | (2,019,316) | (2,019,316) |
| Restricted for: | | | | | | |
| Emergencies | | | | | 23,900 | 23,900 |
| Debt service | | | | | (1,808,224) | (1,808,224) |
| Unrestricted | | | | | 6,437,435 | 6,437,435 |
| **Total Net Position** | | | | | **$ 2,633,795** | **$ 2,633,795** |

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

## Whispering Pines Metropolitan District No. 1

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS
### For the Year Ended December 31, 2022

| | General | Debt Service | Capital Projects | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | | |
| **General** | | | | | | |
| Accounting and audit | $ 45,772 | $ - | $ - | $ 45,772 | $ - | $ 45,772 |
| Administration | 57,469 | - | - | 57,469 | - | 57,469 |
| Election | 18,483 | - | - | 18,483 | - | 18,483 |
| Fence maintenance / replacement | 294 | - | - | 294 | - | 294 |
| Insurance | 18,206 | - | - | 18,206 | - | 18,206 |
| Irrigation | 13,754 | - | - | 13,754 | - | 13,754 |
| Landscaping | 93,420 | - | - | 93,420 | - | 93,420 |
| Legal | 34,336 | - | - | 34,336 | - | 34,336 |
| Miscellaneous expenses | 4,409 | - | - | 4,409 | - | 4,409 |
| Mulch replacement | 21,973 | - | - | 21,973 | - | 21,973 |
| Pool / Clubhouse | 80,510 | - | - | 80,510 | - | 80,510 |
| Social committee | 9,834 | - | - | 9,834 | | 9,834 |
| Snow removal | 15,239 | - | - | 15,239 | - | 15,239 |
| Trash service | 88,536 | - | - | 88,536 | - | 88,536 |
| Tree maintenance | 6,437 | - | - | 6,437 | - | 6,437 |
| Tree replacement | 78,812 | - | - | 78,812 | - | 78,812 |
| Utilities | 66,529 | - | - | 66,529 | - | 66,529 |
| **Capital** | | | | | | |
| Planning and engineering | - | - | 17,744 | 17,744 | (17,744) | - |
| Park and recreation | - | - | 320,431 | 320,431 | (320,431) | - |
| Repayment of developer advances | - | - | 50,000 | 50,000 | (50,000) | - |
| Write-off developer receivable | - | - | 74,040 | 74,040 | - | 74,040 |
| **Debt Service** | | | | | | |
| County treasurer fees | 10,841 | 23,345 | - | 34,186 | - | 34,186 |
| Regional mill levy | - | 33,954 | - | 33,954 | - | 33,954 |
| Trustee fees | - | 9,376 | - | 9,376 | - | 9,376 |
| Bond interest - Series 2017A | - | 947,300 | - | 947,300 | (9,976) | 937,324 |
| Bond interest - Series 2017B | - | - | - | - | 383,362 | 383,362 |
| Subordinate debt interest - Series 2014A | - | - | - | - | 474,232 | 474,232 |
| Developer advances - interest | - | - | - | - | 1,258,656 | 1,258,656 |
| Total Expenditures | 664,854 | 1,013,975 | 462,215 | 2,141,044 | 1,718,099 | 3,859,143 |
| **PROGRAM REVENUES** | | | | | | |
| System development fees | - | 15,000 | - | 15,000 | - | 15,000 |
| Total Program Revenues | - | 15,000 | - | 15,000 | - | 15,000 |
| Net Program Income (Expenses) | (664,854) | (998,975) | (462,215) | (2,126,044) | (1,718,099) | (3,844,143) |
| **GENERAL REVENUES** | | | | | | |
| Property taxes | 721,742 | 1,519,668 | - | 2,241,410 | - | 2,241,410 |
| Property taxes - ARI | - | 33,954 | - | 33,954 | - | 33,954 |
| Specific ownership taxes | 45,437 | 97,650 | - | 143,087 | - | 143,087 |
| Assessed fees | 425 | - | - | 425 | - | 425 |
| Clubhouse rental | 6,325 | - | - | 6,325 | - | 6,325 |
| Grants | 1,953 | - | - | 1,953 | | 1,953 |
| Transfer fee | 19,000 | - | - | 19,000 | - | 19,000 |
| Interest | 1,002 | 88,792 | - | 89,794 | - | 89,794 |
| Total General Revenues | 795,884 | 1,740,064 | - | 2,535,948 | - | 2,535,948 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | 131,030 | 741,089 | (462,215) | 409,904 | (1,718,099) | (1,308,195) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Developer advances - regional improvements | - | - | 334,918 | 334,918 | (334,918) | - |
| Forgiveness of debt - principal | - | - | - | - | 12,172,226 | 12,172,226 |
| Forgiveness of debt - interest | - | - | - | - | 2,891,191 | 2,891,191 |
| Transfer to capital projects fund | (19,371) | - | 19,371 | - | - | - |
| Total Other Financing Sources (uses) | (19,371) | - | 354,289 | 334,918 | 14,728,499 | 15,063,417 |
| **NET CHANGES IN FUND BALANCES** | 111,659 | 741,089 | (107,926) | 744,822 | (744,822) | |
| **CHANGE IN NET POSITION** | | | | | 13,755,222 | 13,755,222 |
| **FUND BALANCES** | | | | | | |
| BEGINNING OF YEAR | 55,198 | 3,745,165 | 107,926 | 3,908,289 | (15,029,716) | (11,121,427) |
| END OF YEAR | $ 166,857 | $ 4,486,254 | $ - | $ 4,653,111 | $ (2,019,316) | $ 2,633,795 |

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

## Whispering Pines Metropolitan District No. 1

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
### For the Year Ended December 31, 2022

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 673,398 | $ 721,742 | $ 48,344 |
| Specific ownership taxes | 47,138 | 45,437 | (1,701) |
| Assessed fees | 500 | 425 | (75) |
| Clubhouse rental | 3,000 | 6,325 | 3,325 |
| Grants | - | 1,953 | 1,953 |
| Interest | 750 | 1,002 | 252 |
| Transfer fee | 40,000 | 19,000 | (21,000) |
| Total Revenues | 764,786 | 795,884 | 31,098 |
| **EXPENDITURES** | | | |
| Accounting and audit | 35,000 | 45,772 | (10,772) |
| Administration | 60,000 | 57,469 | 2,531 |
| Election | 20,000 | 18,483 | 1,517 |
| Fence maintenance / replacement | 20,000 | 294 | 19,706 |
| Insurance | 18,500 | 18,206 | 294 |
| Irrigation | 10,000 | 13,754 | (3,754) |
| Landscaping | 97,000 | 93,420 | 3,580 |
| Legal | 55,000 | 34,336 | 20,664 |
| Miscellaneous expenses | 5,000 | 4,409 | 591 |
| Mulch replacement | 25,000 | 21,973 | 3,027 |
| Pet waste stations | 150 | - | 150 |
| Pool / Clubhouse | 70,450 | 80,510 | (10,060) |
| Social committee | 12,500 | 9,834 | 2,666 |
| Snow removal | 30,000 | 15,239 | 14,761 |
| Trash service | 84,000 | 88,536 | (4,536) |
| County treasurer fees | 10,101 | 10,841 | (740) |
| Tree maintenance | 8,000 | 6,437 | 1,563 |
| Tree replacement | 75,000 | 78,812 | (3,812) |
| Utilities | 80,000 | 66,529 | 13,471 |
| Emergency reserve | 23,000 | - | 23,000 |
| Total Expenditures | 738,701 | 664,854 | 73,847 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 26,085 | 131,030 | 104,945 |
| **OTHER FINANCING USES** | | | |
| Transfer to capital projects fund | - | (19,371) | (19,371) |
| Total Other Financing Uses | - | (19,371) | (19,371) |
| **NET CHANGE IN FUND BALANCE** | 26,085 | 111,659 | 85,574 |
| **FUND BALANCE:** | | | |
| BEGINNING OF YEAR | 12,663 | 55,198 | 42,535 |
| END OF YEAR | $ 38,748 | $ 166,857 | $ 128,109 |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whispering Pines Metropolitan District No. 1 (the District), located in Arapahoe 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 2005, as a quasi-municipal organization established under the State of Colorado Special District Act. The District's service area is located entirely within the City of Aurora (City). The District was established to finance the construction and acquisition of arterial roadways, major storm drainage facilities, traffic safety protection, potable water systems, sewer systems, irrigation systems and recreation facilities that benefit the citizens of the District. Upon completion, the District will dedicate these facilities to the City or other appropriate jurisdiction for maintenance and operation except for park and recreation facilities which the District will maintain. When the District satisfies the terms of its outstanding indebtedness and contractual obligation, the City may require the District to begin dissolution proceedings. The District's primary revenues are property taxes and developer advances. 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

**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. In December 2022, the District amended its total appropriations in the Capital Projects Fund from $0 to $466,000 primarily due to capital expenditures over the amount budgeted.

**Assets, Liabilities and Net Position**

**Fair Value of Financial Instruments**

The District’s financial instruments include cash and investments, receivables and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 does not have any items that qualify for reporting under this category.

In addition to liabilities, the statement of net 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.

### 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.

### Original Issue Premium

Original issue premium from the Series 2017A Bonds is being amortized over the term of the bonds using the interest method. Accumulated amortization of original issue premium amounted to $49,326, at December 31, 2022.

### 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 acquisition value at the date of donation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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. The District had no depreciation expense in 2022.

**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 in the General Fund in the amount of $18,869 represents prepaid expenditures.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 $23,900 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 $4,486,254 is restricted for the payment of the debt service costs associated with the District's Series 2017 A Bonds, Series 2014 Subordinate Bonds and other debt reimbursement agreements (see Note 4).

### Committed Fund Balance

Committed fund balance includes 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.

### 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:

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of 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.

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

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

| | |
|---|---|
| Statement of net position: | |
| Cash and investments | $ 136,459 |
| Cash and investments - restricted | 4,502,943 |
| Total cash and investments | $ 4,639,402 |

Cash and investments as of December 31, 2022 consist of the following:

| | |
|---|---|
| Deposits with financial institutions | $ 30,796 |
| Investment - Colotrust | 4,608,606 |
| Total cash and investments | $ 4,639,402 |

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

### 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.

As of December 31, 2022, the District had the following investment:

### COLOTRUST

During 2022, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for ColoTrust portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust.

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

### 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.

## NOTE 3 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

| Governmental Type Activities: | Balance at December 31, 2021 | Increases | Decreases | Balance at December 31, 2022 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Construction in Progress | $ 34,849,197 | $ 338,175 | $ - | $ 35,187,372 |
| Total capital assets not being depreciated | 34,849,197 | 338,175 | - | 35,187,372 |
| Government type assets, net | $ 34,849,197 | $ 338,175 | $ - | $ 35,187,372 |

The District will dedicate all of the public improvements to the City or other appropriate jurisdiction other than park and recreation improvements. The District will maintain the park and recreation improvements.

## NOTE 4 - LONG-TERM OBLIGATIONS

A description of the long-term obligations as of December 31, 2022, is as follows:

**$19,320,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2017A and $3,985,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B**

On December 21, 2017, the District issued $19,320,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2017A (Series 2017A Bonds) and $3,985,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B (Series 2017B Bonds) (collectively the Bonds). The Series 2017A Bonds were issued for the purpose of financing and reimbursing the costs of public improvements, refunding the 2014 Notes, funding the Senior Reserve Fund, paying capitalized interest on the Series 2017A Bonds and paying the cost of issuance of the Bonds. The Series 2017B Bonds were issued for the purpose of financing and reimbursing the cost of public improvements. The Series 2017A Bonds bear interest at the rate of 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. The Series 2017B Bonds bear interest at the rate of 7.375%, payable annually on December 15, commencing on December 15, 2018, to the extent that Subordinate Pledged Revenue is available.

The Series 2017A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2025 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2022, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%. The Series 2017A Bonds are secured by the Senior Property Tax Revenues, the Capital Fees, the Senior Specific Ownership Tax Revenues and any other legally available moneys as determined by the District. The Series 2017A Bonds are also secured by the Senior Surplus Fund and the Senior Reserve Fund. The Series 2017B Bonds are secured by the Subordinate Property Tax Revenues, the Subordinate Capital Fee Revenue, the Subordinate Specific Ownership Tax Revenues, amounts in the Senior Surplus Fund (upon termination of such fund pursuant to the terms of the Senior Indenture) and any other legally available monies as determined by the District.

The Series 2017B Bonds are "cash flow" bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. In the event any amounts due and owing on the Series 2017B Bonds remain outstanding on December 15, 2055, such amounts shall be deemed discharged and shall no longer be due and outstanding. As of December 31, 2022, the 2017A Bonds had an outstanding principal balance of $18,946,000 and accrued interest of $78,942 and the 2017B Bonds had an outstanding principal balance of $3,915,000 and accrued interest of $1,678,306.

## NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

### Taxable Subordinate Limited Tax Bonds, Series 2014

On December 30, 2014, the District issued $3,457,029 of Taxable Subordinate Limited Tax Bonds Series 2014 (2014 Sub Bonds) for the purpose of reimbursing Lennar for advances made to the District under the Funding and Reimbursement Agreement. The 2014 Sub Bonds bear interest at 8% per annum and are payable to the extent Subordinate Pledged Revenue is available on each December 10 commencing on December 10, 2015 and to the extent interest is not paid when due such interest shall compound on each interest payment date. The 2014 Sub Bonds mature on December 10, 2054. The 2014 Sub Bonds are subordinate to the Series 2017A Bonds and the Series 2017B Bonds. The 2014 Sub Bonds are payable from the monies derived by the District from the following sources, net of any costs of collections: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (c) any other legally available monies as determined by the District. As of December 31, 2022, there was an outstanding principal balance of $3,457,029 and unpaid interest of $2,945,096 under the 2014 Sub Bonds. The repayment obligation of the 2014C Sub Bonds was terminated effective February 17, 2023 (see Note 8).

### Operation Funding Agreement - Lennar

On October 1, 2013, the District entered into an Operation Funding Agreement (2013 OFA) with The Ryland Group, Inc., now known as Lennar Homes (Lennar), whereby Lennar agreed to advance funds to the District for revenue shortfalls for operations and maintenance expenses in prior years and for anticipated revenue shortfalls for operations and maintenance expenses in future years. Interest at a rate of 7% per annum was due for advances from the date of deposit into the District's account until paid. Payments to reimburse Lennar were to be made on June 1 of each year and were to be applied first to accrued and unpaid interest and then to principal. The 2013 OFA was to expire on December 31, 2033 unless terminated earlier by mutual agreement of both parties. The obligation of Lennar to advance funds expired on December 31, 2016. There were no outstanding obligations outstanding under the 2013 OFA as of December 31,2016 and thereafter. Effective December 12, 2022, the 2013 OFA was terminated (see Termination Agreements below).

### Funding and Reimbursement Agreement - Lennar

On November 7, 2013, the District entered into a Funding and Reimbursement Agreement (2013 FRA) with Lennar, whereby Lennar agreed to advance funds to the District on an annual basis for budgeted capital and operations and maintenance expenditures. The District agreed to reimburse Lennar for these advances to the extent of available future bond proceeds, ad valorem taxes and other available revenues plus interest at 8% per annum. Advances under the 2013 FRA were available to the District through December 31, 2017. The agreement was to terminate at the earlier of the repayment in full of the outstanding advances plus interest, or 40 years from the agreement date. Effective December 12, 2022, the District's obligation for repayment of all amounts due to Lennar under the 2013 FRA terminated under a Termination Agreement (see Termination Agreements below)

**NOTE 4 - LONG-TERM OBLIGATIONS** (CONTINUED)

**Operation Funding Agreement - Developers**

On January 1, 2017, the District and Lennar, Shea Homes Limited Partnership (Shea) and Tri Pointe Homes, Inc. (Tri Pointe) (collectively known as the Developers) entered an Operation Funding Agreement (2017 OFA). Pursuant to the 2017 OFA, the Developers agreed to provide advances to the District in order to meet its operations and maintenance expenditures. Interest at a rate of 7% per annum was due from the date of deposit into the District's account, until paid. The term of the 2017 OFA was to expire on December 31, 2036, unless terminated earlier by the mutual agreement of the District and the Developers. The obligation to subsidize the shortfall for each individual Developer was not to extend beyond the date of the last closing in the District for the specific Developer. Any obligation of the District to reimburse the Developers was set to expire on December 31, 2046. The District intended to repay any amounts the Developers had advanced, to the extent it had funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations. Effective December 12, 2022, the District's obligation for repayment of all amounts due to the Developers under the 2017 OFA terminated under a Termination Agreement (see Termination Agreements below).

**Metro District Improvement Agreement**

On December 9, 2014 (as amended on December 6, 2017), the District entered into a Metro District Improvement Agreement (MDIA) with the Developers, whereby the District agreed to construct certain district improvements and the Developers agreed to deposit $2,000,000 each into a draw reserve fund escrow account of $2,000,000 and to advance funds necessary to complete construction of the district improvements, in the gross amount of one third each of the construction budget subject to reimbursement of their respective advances by the District. The District appointed Lennar to act as the construction manager and agreed to pay Lennar an amount equal to 4% of the amount of each draw for their services up to a maximum payment of $888,629.

Under the MDIA, the District agreed to equally reimburse the Developers for a portion of their advances from proceeds available from notes issued in 2014. In 2017, in connection with the issuance of the Series 2017A and Series 2017B Bonds, a portion of the proceeds of issuance were used to refund the 2014 notes and reimburse the Developers for advances under the MDIA for the cost of public infrastructure. Under the MDIA, the District is to use its best efforts to obtain alternative replacement construction financing for future reimbursements to the Developers, or failing that, shall issue to the parties evidence of subordinate general obligation indebtedness in a form acceptable to the parties and the District for any balances remaining to be paid. During 2022, the Lennar advanced additional funds of $334,918 under the MDIA. Effective December 12, 2022, the District's obligation for repayment of all amounts due to Lennar and Tri Pointe under the MDIA terminated under a Termination Agreement (see Termination Agreements below). Shea Homes balance is $4,419,229 principal plus $1,592,134 interest.

## NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

### Termination Agreements

Lennar

In November 2022, the District and Lennar entered into a Termination Agreement to fully terminate the District's obligation for the repayment of all amounts due to Lennar under the 2013 OFA, the 2013 FRA, the 2017 OFA and the MDIA effective December 12, 2022 with a payment of $25,000.

Tri Pointe

In November 2022, the District and Tri Pointe entered into a Termination Agreement to fully terminate the District's obligation for the repayment of all amounts due under the 2017 OFA and the MDIA effective December 12, 2022 with a payment of $25,000.

Shea

The District and Shea entered into a Termination Agreement effective December 19, 2022 to fully terminate the District's obligation for the repayment of all amounts due under the 2017 OFA.

### Forgiveness of Outstanding Obligations

The termination of the agreements and obligation for repayments of all outstanding obligations resulted in a "forgiveness of debt" which is included in other financing sources in the statement of activities. The following is a summary of the amounts forgiven by agreement for the year ended December 31, 2022:

| Agreement | Principal | Interest | Total |
|---|---|---|---|
| 2013 FRA | $ 104,414 | $ 7,714 | $ 112,128 |
| 2017 OFA | 536,719 | 187,471 | 724,190 |
| Subtotal - Funding Agreements | 641,133 | 195,185 | 836,318 |
| MDIA | 11,531,093 | 2,696,006 | 14,227,099 |
| Total | $ 12,172,226 | $ 2,891,191 | $ 15,063,417 |

## NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

### Metro District Improvements Draw Reserve Fund Escrow Agreement

On December 9, 2014, related to the MDIA discussed above, the District entered into a Metro District Improvements Draw Reserve Fund Escrow Agreement with the Developers and Land Title Guarantee Company whereby the Developers each deposited $2,000,000 into an escrow account. In the event that the Developers fail to fund within 20 days of the draw request its one third portion under the MDIA, the District is entitled to draw out of the escrow the unpaid portion of the draw request (including the construction manager fee) with a two business day notice. Any party that fails to fund its one third portion shall be obligated to replenish the draw reserve fund within five business days thereafter and any unpaid amounts will accrue interest at 18% per annum until paid. Upon payment in full of all draw requests or termination of the MDIA, the balance of the draw reserve fund is to be released to the Developers in accordance with their respective interests therein or credited against any final draw request.

### South Aurora Regional Improvement Authority Establishment Agreement

On July 10, 2017, the District and the City of Aurora, Colorado entered the South Aurora Regional Improvement Authority (Authority) Establishment Agreement. The Authority is organized for the purpose of planning, designing, constructing, installing, acquiring, relocating, redeveloping and financing the Regional Improvements designated in ARI Master Plans. Pursuant to the agreement, the District will impose an ARI Mill Levy of 1.113 mills and remit the required ARI Mill Levy within 30 days of receipt to the Authority.

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

| | Balance at December 31, 2021 | Increases | Decreases | Balance at December 31, 2022 | Current Portion |
|---|---|---|---|---|---|
| *General Obligation Bonds* | | | | | |
| Series 2017A Bonds | $ 18,946,000 | $ - | $ - | $ 18,946,000 | $ - |
| Series 2017B Bonds | 3,915,000 | - | - | 3,915,000 | - |
| Premium on bonds | 184,928 | - | 9,976 | 174,952 | - |
| *Direct Borrowings* | | | | | |
| Series 2014 Sub Bonds | 3,457,029 | - | - | 3,457,029 | - |
| *Other* | | | | | |
| Funding Agreements | 641,133 | - | 641,133 | - | - |
| Reimbursement for MDIA | 15,665,404 | 334,918 | 11,581,093 | 4,419,229 | - |
| Total | $ 42,809,494 | $ 334,918 | $ 12,232,202 | $ 30,912,210 | $ - |

## NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2017A Bonds. Due to the uncertainty in the timing of payments on the 2014 Sub Bonds and Series 2017B Bonds, no summary is presented.

| | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ - | $ 947,300 | $ 947,300 |
| 2024 | - | 947,300 | 947,300 |
| 2025 | 300,000 | 947,300 | 1,247,300 |
| 2026 | 340,000 | 932,300 | 1,272,300 |
| 2027 | 360,000 | 915,300 | 1,275,300 |
| 2028-2032 | 2,340,000 | 4,270,000 | 6,610,000 |
| 2033-2037 | 3,345,000 | 3,590,000 | 6,935,000 |
| 2038-2042 | 4,680,000 | 2,627,250 | 7,307,250 |
| 2043-2047 | 7,581,000 | 1,296,000 | 8,877,000 |
| | $ 18,946,000 | $ 16,472,750 | $ 35,418,750 |

### Debt Authorization

In 2005 a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of $684,000,000 for acquisition, construction, installment, and equipping of capital improvements. The District's Service Plan includes a debt authorization limit of $57,000,000. As of December 31, 2022, the amount of debt authorized by the District's electorate for acquisition, construction, installment, and equipping of capital improvements but unissued was $657,438,858 and the amount of allowed debt but unissued under the Service Plan was $30,438,858.

## 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.

## NOTE 5 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 Colorado Special Districts Property and Liability Pool ("the Pool") 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.

## NOTE 7 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIALS STATEMENTS AND FUND FINANCIALS STATEMENTS

The Government Funds Balance Sheet/Statement of Net Position 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;
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.

## NOTE 7 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIALS STATEMENTS AND FUND FINANCIALS STATEMENTS (CONTINUED)

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities 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 or the costs of those assets are depreciated over their useful lives;
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;
3. governmental funds report developer advances and/or note/bond proceeds as revenue;
4. governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities; and,
5. debt and accrued interest obligations are reported in the statement of net position, however, since these amounts are reported as expenditures in the governmental funds, the forgiveness of debt and accrued interest obligations is recorded in the statement of activities as expenditures.

## NOTE 8 – SUBSEQUENT EVENT

A Termination Agreement (2014C Bonds) between the District and Lennar was signed in October 2022 regarding the termination of the 2014C Bonds (See Note 4). The termination date is defined as the date on which the District, either (i) following closing of the refunding of the Series 2017A and Series 2017B bonds, provides Lennar a credit for all remaining development fees in the amount of $140,000 or (ii) makes an appropriation of funds and pays Lennar $140,000 on or before April 1, 2023. The District made a payment of $140,000 to Lennar as required under this agreement on February 17, 2023; therefore, the repayment obligation for the 2014C Sub Bonds was fully released and of no further effect.

# SUPPLEMENTAL INFORMATION

# Whispering Pines Metropolitan District No. 1

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

### For the Year Ended December 31, 2022

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **REVENUES** | | | |
| System development fees | $ 25,000 | $ 15,000 | $ (10,000) |
| Property taxes | 1,561,836 | 1,519,668 | (42,168) |
| Property taxes - ARI | 31,230 | 33,954 | 2,724 |
| Specific ownership taxes | 109,329 | 97,650 | (11,679) |
| Interest | - | 88,792 | 88,792 |
| Total Revenues | 1,727,395 | 1,755,064 | 27,669 |
| **EXPENDITURES** | | | |
| Regional mill levy | 31,230 | 33,954 | (2,724) |
| Bond interest - Series 2017A | 947,300 | 947,300 | - |
| Bond interest - Series 2017B | 534,977 | - | 534,977 |
| Trustee fees | 6,300 | 9,376 | (3,076) |
| County treasurer fees | 23,896 | 23,345 | 551 |
| Total Expenditures | 1,543,703 | 1,013,975 | 529,728 |
| **NET CHANGE IN FUND BALANCE** | 183,692 | 741,089 | 557,397 |
| **FUND BALANCE:** | | | |
| BEGINNING OF YEAR | 3,430,154 | 3,745,165 | 315,011 |
| END OF YEAR | $ 3,613,846 | $ 4,486,254 | $ 872,408 |

See independent auditors report.

## Whispering Pines Metropolitan District No. 1

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
### For the Year Ended December 31, 2022

| | Budget Amounts | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | Favorable (Unfavorable) |
| **REVENUES** | | | | |
| Total Revenues | $ - | $ - | $ - | $ - |
| **EXPENDITURES** | | | | |
| Planning and engineering | - | 20,000 | 17,744 | 2,256 |
| Park and recreation | - | 321,000 | 320,431 | 569 |
| Repayment of developer advances | - | 50,000 | 50,000 | - |
| Developer receivable write-off | - | 75,000 | 74,040 | 960 |
| Total Expenditures | - | 466,000 | 462,215 | 3,785 |
| **EXCESS OF EXPENDITURES OVER REVENUES** | - | (466,000) | (462,215) | 3,785 |
| **OTHER FINANCING SOURCES** | | | | |
| Developer advances - regional improvements | - | 400,000 | 334,918 | (65,082) |
| Transfer from general fund | - | - | 19,371 | 19,371 |
| Total Other Financing Sources | - | 400,000 | 354,289 | (45,711) |
| **NET CHANGE IN FUND BALANCE** | - | (66,000) | (107,926) | (41,926) |
| **FUND BALANCE:** | | | | |
| BEGINNING OF YEAR | - | - | 107,926 | 107,926 |
| END OF YEAR | $ - | $ (66,000) | $ - | $ 66,000 |

See independent auditors report.

# OTHER INFORMATION

## Whispering Pines Metropolitan District No. 1

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
### December 31, 2022
### (Unaudited)

| Year Ended December 31, | | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Tax | | | | Percent Collected to Levied |
|---|---|---|---|---|---|---|---|---|---|
| | | | General Fund | Debt Service | | Levied | | Collected | |
| 2013 | $ | 1,610 | 0.000 | 0.000 | $ | - | $ | - | 0.00% |
| 2014 | $ | 1,980 | 10.000 | 41.000 | $ | 101 | $ | - | 0.00% |
| 2015 | $ | 2,990 | 10.000 | 51.000 | $ | 182 | $ | 182 | 100.00% |
| 2016 | $ | 794,137 | 15.000 | 51.000 | $ | 52,413 | $ | 52,414 | 100.00% |
| 2017 | $ | 2,989,267 | 15.000 | 51.000 | $ | 197,292 | $ | 197,293 | 100.00% |
| 2018 | $ | 6,652,894 | 16.583 | 56.382 | $ | 485,428 | $ | 485,428 | 100.00% |
| 2019 | $ | 10,554,263 | 16.583 | 56.382 | $ | 770,092 | $ | 748,166 | 97.15% |
| 2020 | $ | 21,604,860 | 16.699 | 56.777 | $ | 1,587,439 | $ | 1,506,094 | 94.88% |
| 2021 | $ | 24,116,449 | 21.500 | 56.777 | $ | 1,887,763 | $ | 1,887,508 | 99.99% |
| 2022 | $ | 27,242,551 | 26.419 | 56.777 | $ | 2,266,464 | $ | 2,275,364 | 100.39% |
| **Estimated for year ending December 31, 2023** | $ | 27,449,545 | 28.500 | 56.777 | $ | 2,340,814 | | | |

**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.