

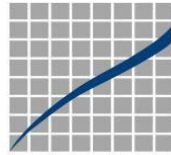
WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3

FINANCIAL STATEMENTS

DECEMBER 31, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	5
Statement of activities	6
Fund financial statements	
Balance sheets - governmental funds	7
Statements of revenues, expenditures and changes in fund balances - governmental funds	8
General fund - statement of revenues, expenditures and changes in fund balance - budget and actual	9
Notes to financial statements	10
SUPPLEMENTARY INFORMATION	
Debt service fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	20



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Woodmen Heights Metropolitan District No. 3
Colorado Springs, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Woodmen Heights Metropolitan District No. 3 ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 27, 2022

BASIC FINANCIAL STATEMENTS

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash and investments - restricted	\$ 63,415
Receivable from County Treasurer	1,246
Property taxes receivable	242,777
Total assets	307,438
<u>LIABILITIES</u>	
Accounts payable	1,490
Due to District No. 1	50,415
Due to District No. 2	3,884
Total liabilities	55,789
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	242,777
Total deferred inflows of resources	242,777
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	600
Unrestricted	8,272
Total net position	\$ 8,872

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

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
<u>PRIMARY GOVERNMENT</u>					
General government	\$ 140,725	\$ 50,415	\$ -	\$ -	\$ (90,310)
Total governmental activities	<u>\$ 140,725</u>	<u>\$ 50,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(90,310)</u>
<u>GENERAL REVENUES</u>					
Property taxes					83,386
Specific ownership taxes					15,796
Total general revenues					<u>99,182</u>
Changes in net position					<u>8,872</u>
Net position, beginning of year					<u>-</u>
Net position, end of year					<u>\$ 8,872</u>

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

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments - restricted	\$ 9,116	\$ 54,299	\$ 63,415
Receivable from County Treasurer	1,246	-	1,246
Property taxes receivable	70,167	172,610	242,777
Total assets	\$ 80,529	\$ 226,909	\$ 307,438
<u>LIABILITIES</u>			
Accounts payable	\$ 1,490	\$ -	\$ 1,490
Due to District No. 1		50,415	50,415
Due to District No. 2	-	3,884	3,884
Total liabilities	1,490	54,299	55,789
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenues	70,167	172,610	242,777
Total deferred inflows of resources	70,167	172,610	242,777
<u>FUND BALANCE</u>			
Restricted for:			
Emergency reserve	600	-	600
Unassigned:			
General government	8,272	-	8,272
Total fund balances	8,872	-	8,872
Total liabilities and fund balances	\$ 80,529	\$ 226,909	\$ 307,438

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

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>			
Development fees	\$ -	\$ 50,415	\$ 50,415
Property taxes	24,101	59,285	83,386
Specific ownership taxes	4,565	11,231	15,796
Total revenues	28,666	120,931	149,597
<u>EXPENDITURES</u>			
County Treasurer's fees	573	1,410	1,983
Dues and subscriptions	226	-	226
Insurance	2,630	-	2,630
Intergovernmental - District No. 1	-	50,415	50,415
Intergovernmental - District No. 2	-	69,106	69,106
Legal	3,165	-	3,165
Management fees	13,200	-	13,200
Total expenditures	19,794	120,931	140,725
Net change in fund balances	8,872	-	8,872
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ 8,872	\$ -	\$ 8,872

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

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual Amounts	Variance
<u>REVENUES</u>			
Property taxes	\$ 45,786	\$ 24,101	\$ (21,685)
Specific ownership taxes	3,205	4,565	1,360
Total revenues	48,991	28,666	(20,325)
<u>EXPENDITURES</u>			
Board fees	3,000	-	3,000
Contingency	50	-	50
County Treasurer's fees	687	573	114
Dues and subscriptions	1,000	226	774
Insurance	5,000	2,630	2,370
Legal	10,000	3,165	6,835
Management fees	5,000	13,200	(8,200)
Office and postage	100	-	100
Total expenditures	24,837	19,794	5,043
Excess of revenues over (under) expenditures	24,154	8,872	(15,282)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (to) from other funds	(237,738)	-	237,738
Total other financing sources (uses)	(237,738)	-	237,738
Net change in fund balance	\$ (213,584)	8,872	\$ 222,456
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 8,872	

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

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. DEFINITION OF REPORTING ENTITY

Woodmen Heights Metropolitan District No. 3 ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in July 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County").

The District was organized in conjunction with Woodmen Heights Metropolitan District No. 1 ("District No. 1") and Woodmen Heights Metropolitan District No. 2 ("District No. 2") (collectively, the "Districts"). District No. 1 is responsible for managing the construction and operation of facilities and improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel, and other drainage improvements needed for the area. District No. 2 and District No. 3 are responsible for providing the funding and tax base needed for capital improvements and for operation, maintenance, and administrative costs.

Effective August 4, 2021, the Districts entered into a District Coordinating Services Agreement. Under this agreement, District No. 1 became the coordinating district, and District No. 2 and the District were designated as the financing districts. District No. 1 will continue to own, operate, and maintain public improvements within the Districts' boundaries and perform the administrative services on behalf of the District and District No. 3.

The District follows Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

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

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities plus deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and b) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

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

Measurement focus, basis of accounting and financial statement position

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position (continued)

The District reports the following major governmental funds:

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

Debt service fund - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used in payment of debt.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. the District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled cash and investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position

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

Fund balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balances (continued)

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

Restricted fund balance - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed fund balance - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned fund balance - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance - The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments - restricted	<u><u>\$ 63,415</u></u>
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The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2021, are as follows:

Deposits with financial institutions	<u><u>\$ 63,415</u></u>
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See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District's cash deposits had a bank balance of \$63,910 and a book balance of \$63,415.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District had no investments.

4. NET POSITION

The District has a net position consisting of two components: restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021 as follows:

Restricted net position:

Emergency reserve (Note 8)	<u>\$ 600</u>
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See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. JOINT FUNDING AGREEMENT

On November 10, 2020, the District and District No. 2 entered into a Joint Funding Agreement, and each district acknowledged itself jointly and severally indebted in the aggregate principal amount of the general obligations issued by District No. 2. The District and District No. 2 agree to impose the required mill levy against their respective taxable properties, to impose and collect the facility fees, and transmit to the custodian all funding agreement revenue. The debt created constitutes a limited tax general obligation of the District and District No. 2, payable solely from and to the extent of the funding agreement revenue. The funding agreement revenue is pledged to the payment of the general obligations and any refundings or refinancings thereof in accordance with their authorizing resolutions and the respective financing documents, and the general obligations and any refundings or refinancings thereof constitute an irrevocable lien upon the funding agreement revenue, but not necessarily an exclusive such lien. The funding agreement revenue consists of monies derived from the following sources, net of any collection costs: (i) required mill levy; (ii) portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (iii) any other legally available monies which the District and District No. 2 determine to be treated as pledged revenues. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District and District No. 2 each year in an amount sufficient to pay the principal, premium if any, and interest on the general obligations as they become due and payable and to make up any deficiencies in the reserve fund. The maximum required mill levy is 33.398 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District and District No. 2. For collection year 2021, the District and District No. 2 levied 24.600 and 27.386 mills, respectively, for the debt service funds.

6. RELATED PARTIES

The members of the board of directors are officers, employees or associated with the developer and may have conflicts of interest in dealing with the District.

7. RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

See independent auditor's report.

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. RISK MANAGEMENT (CONTINUED)

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

8. TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. The District's voters approved a ballot issue allowing the District to retain all revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual Amounts	Variance
<u>REVENUES</u>			
Development fees	\$ -	\$ 50,415	\$ 50,415
Property taxes	112,634	59,285	(53,349)
Specific ownership taxes	7,884	11,231	3,347
Impact fees	38,000	-	(38,000)
Total revenues	158,518	120,931	(37,587)
<u>EXPENDITURES</u>			
County Treasurer's fees	1,690	1,410	280
Intergovernmental - District No. 1	-	50,415	(50,415)
Intergovernmental - District No. 2	156,828	69,106	87,722
Total expenditures	158,518	120,931	37,587
Excess of revenues over (under) expenditures	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (to) from other funds	(237,738)	-	237,738
Total other financing sources (uses)	(237,738)	-	237,738
Net change in fund balance	\$ (237,738)	-	\$ 237,738
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See independent auditor's report