

**WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1**  
**EL PASO COUNTY, COLORADO**

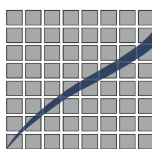
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Woodmen Heights Metropolitan District No. 1**

El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Woodmen Heights Metropolitan District No. 1 ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly

to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BiggsKofford, P.C.*

Colorado Springs, Colorado

July 27, 2023

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,358,021
Due from District No. 2	314,717
Due from District No. 3	4,412
Capital assets, net	848,033
Total assets	<u>2,525,183</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	7,186
Due to other governments	289,547
Total liabilities	<u>296,733</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	848,033
Restricted for:	
Emergency reserve	12,700
Unrestricted	1,367,717
Total net position	<u>\$ 2,228,450</u>

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

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

<b><u>FUNCTIONS / PROGRAMS</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>
Primary government					
Government activities:					
General government	\$ 2,018,618	\$ -	\$ -	\$ -	\$ (2,018,618)
Interest and related costs on long-term debt	-	-	-	-	-
<b>Total government activities</b>	<b><u>\$ 2,018,618</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>(2,018,618)</u></b>
<b><u>GENERAL REVENUES</u></b>					
Intergovernmental revenues - bridge fees from District No. 2					45,076
Intergovernmental revenues - bridge fees from District No. 3					4,568
Intergovernmental revenues - park fees from District No. 2					198,339
Intergovernmental revenues - park fees from District No. 3					20,099
Intergovernmental revenues - tier fees from District No. 2					2,124,965
Intergovernmental revenues - tier fees from District No. 3					45,680
Investment income					900
<b>Total general revenues</b>					<b><u>2,439,627</u></b>
<b>Change in net position</b>					<b><u>421,009</u></b>
<b>Net position, beginning of year</b>					<b><u>1,807,441</u></b>
<b>Net position, end of year</b>					<b><u>\$ 2,228,450</u></b>

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

**WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,358,021	\$ -	\$ 1,358,021
Due from District No. 2	314,717	-	314,717
Due from District No. 3	4,412	-	4,412
<b>Total assets</b>	<b>\$ 1,677,150</b>	<b>\$ -</b>	<b>\$ 1,677,150</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 7,186	\$ -	\$ 7,186
<b>Total liabilities</b>	<b>7,186</b>	<b>-</b>	<b>7,186</b>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Emergency reserve	12,700	-	12,700
Unassigned:			
Unrestricted	1,657,264	-	1,657,264
<b>Total fund balances</b>	<b>1,669,964</b>	<b>-</b>	<b>1,669,964</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,677,150</b>	<b>\$ -</b>	
Amounts reported in governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Capital assets, net			848,033
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Bridge fees due to the City of Colorado Springs			(289,547)
<b>Net position of governmental activities</b>			<b>\$ 2,228,450</b>

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



# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental revenues - bridge fees from District No. 2	\$ 45,076	\$ -	\$ 45,076
Intergovernmental revenues - bridge fees from District No. 3	4,568	-	4,568
Intergovernmental revenues - park fees from District No. 2	198,339	-	198,339
Intergovernmental revenues - park fees from District No. 3	20,099	-	20,099
Intergovernmental revenues - tier fees from District No. 2	2,124,965	-	2,124,965
Intergovernmental revenues - tier fees from District No. 3	45,680	-	45,680
Investment income	900	-	900
Total revenues	<u>2,439,627</u>	<u>-</u>	<u>2,439,627</u>
<b>EXPENDITURES</b>			
Current:			
Bank charges	1,512	-	1,512
Election	1,690	-	1,690
Dues and subscriptions	2,163	-	2,163
Insurance	5,726	-	5,726
Landscaping and maintenance	383,961	-	383,961
Legal services	12,112	-	12,112
Management fees	13,440	-	13,440
Miscellaneous	30	-	30
Postage	245	-	245
Intergovernmental expenditures - District No. 2	1,293,534	-	1,293,534
Debt service:			-
Developer advance payments	-	1,616,983	1,616,983
Total expenditures	<u>1,714,413</u>	<u>1,616,983</u>	<u>3,331,396</u>
Excess of revenues over expenditures	<u>725,214</u>	<u>(1,616,983)</u>	<u>(891,769)</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Transfer between funds	<u>(36,556)</u>	<u>36,556</u>	<u>-</u>
Total other financing sources and uses	<u>(36,556)</u>	<u>36,556</u>	<u>-</u>
Net change in fund balances	688,658	(1,580,427)	(891,769)
Fund balances, beginning of year	981,306	1,580,427	2,561,733
Fund balances, end of year	<u>\$ 1,669,964</u>	<u>\$ -</u>	<u>\$ 1,669,964</u>

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

**WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

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Net change in fund balances \$ (891,769)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments, and depreciation expense in the current period are as follows:

<u>Capital assets conveyed to other governments</u>	(109,976)
<u>Depreciation</u>	(144,584)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The effect of these differences is as follows:

<u>Change in bridge fees due to the City of Colorado Springs</u>	(49,643)
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The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

<u>Repayments of developer advances</u>	<u>1,616,981</u>
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<u>Change in net position</u>	<u>\$ 421,009</u>
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The accompanying notes and independent auditor's report  
should be read with these financial statements.

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

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

YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Intergovernmental revenues - bridge fees from District No. 2	\$ -	\$ -	\$ 45,076	\$ 45,076
Intergovernmental revenues - bridge fees from District No. 3	-	-	4,568	4,568
Intergovernmental revenues - park fees from District No. 2	-	-	198,339	198,339
Intergovernmental revenues - park fees from District No. 3	-	-	20,099	20,099
Intergovernmental revenues - tier fees from District No. 2	-	1,744,546	2,124,965	380,419
Intergovernmental revenues - tier fees from District No. 3	-	-	45,680	45,680
Investment income	700	800	900	100
<b>Total revenues</b>	<b>700</b>	<b>1,745,346</b>	<b>2,439,627</b>	<b>694,281</b>
<b>EXPENDITURES</b>				
Accounting and audit	8,500	8,825	-	8,825
Bank charges	-	1,141	1,512	(371)
Board of director fees	6,000	1,100	-	1,100
Capital outlay	-	25,144	-	25,144
Developer advance payments	-	1,982,220	-	1,982,220
Dues and subscriptions	-	269	2,163	(1,894)
Election	1,000	1,690	1,690	-
Insurance	-	775	5,726	(4,951)
Landscaping and maintenance	-	-	383,961	(383,961)
Legal services	-	9,000	12,112	(3,112)
Management fees	13,500	13,440	13,440	-
Miscellaneous	-	824	30	794
Postage	500	225	245	(20)
Intergovernmental expenditures - District No. 2	-	-	1,293,534	(1,293,534)
<b>Total expenditures</b>	<b>29,500</b>	<b>2,044,653</b>	<b>1,714,413</b>	<b>330,240</b>
Excess of revenues over expenditures	<b>(28,800)</b>	<b>(299,307)</b>	<b>725,214</b>	<b>1,024,521</b>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfer between funds	-	-	(36,556)	(36,556)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>(36,556)</b>	<b>(36,556)</b>
<b>Net change in fund balance</b>	<b>\$ (28,800)</b>	<b>\$ (299,307)</b>	<b>688,658</b>	<b>\$ 987,965</b>
Fund balance, beginning of year			981,306	
Fund balance, end of year			<b>\$ 1,669,964</b>	

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

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 1. DEFINITION OF REPORTING ENTITY

Woodmen Heights Metropolitan District No. 1 ("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. 2 ("District No. 2") and Woodmen Heights Metropolitan District No. 3 ("District No. 3") (collectively, the "Districts"). The District 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, the District became the coordinating district, and District No. 2 and District No. 3 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 District No. 2 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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Government-wide and fund financial statements

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

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

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

See independent auditor's report.

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### Measurement focus, basis of accounting, and financial statement position

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

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

The District reports the following major governmental funds:

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

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

### Budgets

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

The District amended its annual budget for the year ended December 31, 2022.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2022 in the debt service fund, which may be a violation of state budget law.

### Pooled cash and investments

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

### Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 40 years.

See independent auditor's report.

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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

### Interfund balances and transactions

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

### Net position and fund balances

#### *Net position*

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

#### *Fund balances*

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

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

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

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

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

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

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

See independent auditor's report.

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 3. CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	<u>\$ 1,358,021</u>
	<u><u>\$ 1,358,021</u></u>

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

Deposits with financial institutions	<u>\$ 1,358,021</u>
	<u><u>\$ 1,358,021</u></u>

#### Deposits with financial institutions

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

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

As of December 31, 2022, the District's cash deposits had a bank balance of \$1,358,021 and a carrying balance of \$1,358,021.

#### Investments

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

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

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

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

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

See independent auditor's report.

**WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

As of December 31, 2022, the District had no investments.

**4. CAPITAL ASSETS**

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

	Balance 01-01-22	Additions	Dispositions	Reclassifications	Balance 12-31-22
<u>Governmental activities</u>					
Capital assets, depreciable:					
Roads and drainage	\$ 2,891,509	\$ 109,976	\$ (109,976)	\$ -	\$ 2,891,509
Total capital assets, depreciable	2,891,509	109,976	(109,976)	-	2,891,509
Less accumulated depreciation:					
Roads and drainage	(1,898,892)	(144,584)	-	-	(2,043,476)
Total accumulated depreciation	(1,898,892)	(144,584)	-	-	(2,043,476)
Capital assets, net	<u>\$ 992,617</u>	<u>\$ (34,608)</u>	<u>\$ (109,976)</u>	<u>\$ -</u>	<u>\$ 848,033</u>

Depreciation expense for the year ended December 31, 2022, totaled \$144,584.

Capital assets conveyed to other governments for the year ended December 31, 2022, totaled \$109,976.

**5. LONG-TERM OBLIGATIONS**

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

	Balance 01-01-22	Additions	Repayments / Amortization	Balance 12-31-22	Due Within One Year
<u>Governmental activities</u>					
Developer advances	\$ 1,507,005	\$ 109,976	\$ (1,616,981)	\$ -	\$ -
Total long-term obligations	<u>\$ 1,507,005</u>	<u>\$ 109,976</u>	<u>\$ (1,616,981)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Developer advances</u>					

The Districts' developers, under the direction of the boards of directors of the Districts, have made improvements within the Districts. These improvements were reimbursable by the Districts. The developer advances were repaid during the year ended December 31, 2022.

See independent auditor's report.



# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2022

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#### 6. NET POSITION

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

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

As of December 31, 2022, the District had net position invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt:	
Capital assets	\$ 848,033
Related long-term obligations	<u>-</u>
Invested in capital assets, net of related debt	<u>\$ 848,033</u>

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022 as follows:

Restricted net position:	
Emergency reserve (Note 10)	\$ 12,700
	<u>\$ 12,700</u>

The District's unrestricted net position as of December 31, 2022, was \$1,367,717.

#### 7. INTERGOVERNMENTAL AGREEMENTS

##### *Bridge Obligation and Marksheffel Road Extension Fee*

Effective August 7, 2013, the District imposed a one-time bridge obligation fee in the amount of \$500 per acre on property within the Woodmen Heights Metropolitan Districts to provide payment for the District's funding participation in the various costs associated with the provision and construction of the crossing over Sand Creek at Marksheffel Road. The District will collect and retain the bridge fee revenue collected within its boundaries and the boundaries of the Districts.

The District expects to remit bridge fees collected to the City of Colorado Springs ("City") in relation to the reimbursement for Marksheffel Road bridge improvements previously paid by the City. As of December 31, 2022, the bridge fees collected to date and expected to be remitted to the City totaled \$289,547. The District is still in negotiations with the City regarding this obligation.

##### *Park Obligation Platting Fee*

Effective August 7, 2013, the District imposed a one-time park obligation fee in the amount of \$1,700 per acre on unplatted ground within the Districts to provide payment for certain yet-to-be-constructed parks. The District will collect and retain the park fee revenue collected within its boundaries and the boundaries of the Districts.

#### 8. RELATED PARTIES

The developers of the property within the District are Case International Company, KF 103-CV, LLC, and Morley Companies Family Development, LLLP. The members of the board of directors are officers, employees or associated with the developers and may have conflicts of interest in dealing with the District.

See independent auditor's report.

# WOODMEN HEIGHTS METROPOLITAN DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 9. RISK MANAGEMENT

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

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

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

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

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

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

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

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. 1**  
**DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE (BUDGET AND ACTUAL)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>EXPENDITURES</u></b>			
Intergovernmental expenditures - District No. 2	\$ -	\$ -	\$ -
Developer advance payments	-	1,616,983	(1,616,983)
<b>Total expenditures</b>	<b>-</b>	<b>1,616,983</b>	<b>(1,616,983)</b>
Excess of revenues over expenditures	-	(1,616,983)	(1,616,983)
<b><u>OTHER FINANCING SOURCES AND USES</u></b>			
Transfer between funds	-	36,556	36,556
<b>Total other financing sources and uses</b>	<b>-</b>	<b>36,556</b>	<b>36,556</b>
Net change in fund balance	<u>\$ -</u>	(1,580,427)	<u>\$ (1,580,427)</u>
Fund balance, beginning of year		<u>1,580,427</u>	
Fund balance, end of year		<u>\$ -</u>	

See independent auditor's report.