

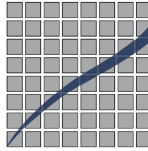
**GEOS NEIGHBORHOOD
METROPOLITAN DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

GEOS Neighborhood Metropolitan District

Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of GEOS Neighborhood Metropolitan District ("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, the budgetary comparison schedule for the general fund, and the budgetary comparison for the general fund for the year then ended in accordance with the 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.

Responsibility 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 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. The information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional information 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 30, 2022

BASIC FINANCIAL STATEMENTS

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 3,887 |
| Cash and Investments - Restricted | 2,592,421 |
| Accounts Receivable - Homeowner's Fees | 720 |
| Receivable from County Treasurer | 315 |
| Prepaid Insurance | 2,997 |
| Property Taxes Receivable | 101,393 |
| Receivable from Previous Developer | 849,952 |
| Capital Assets Not Being Depreciated: | |
| Construction in Progress | 1,624,848 |
| Total Assets | 5,176,533 |
| LIABILITIES | |
| Accounts Payable | 388,977 |
| Retainage Payable | 74,872 |
| Accrued Interest | 311,642 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 5,356,274 |
| Total Liabilities | 6,131,765 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Property Tax Revenue | 101,393 |
| Prepaid Homeowner's Fees | 964 |
| Total Deferred Inflows of Resources | 102,357 |
| NET POSITION | |
| Restricted for: | |
| Emergency Reserves | 1,700 |
| Unrestricted | (1,059,289) |
| Total Net Position | \$ (1,057,589) |

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|--------------|----------------------------|--|--|---|
| FUNCTIONS/PROGRAMS | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Government Activities: | | | | | |
| General Government | \$ 328,350 | \$ 37,178 | \$ - | \$ - | \$ (291,172) |
| Interest and Related Costs on Long-Term Debt | 897,437 | - | - | - | (897,437) |
| Total Governmental Activities | \$ 1,225,787 | \$ 37,178 | \$ - | \$ - | (1,188,609) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 66,009 |
| Specific Ownership Taxes | | | | | 5,051 |
| Investment income | | | | | 1,208 |
| Total General Revenues | | | | | 72,268 |
| CHANGE IN NET POSITION | | | | | (1,116,341) |
| Net Position - Beginning of Year | | | | | 58,752 |
| NET POSITION - END OF YEAR | | | | | \$ (1,057,589) |

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|---|-------------------|--------------------|-------------------|---------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 2,315 | \$ 1,572 | \$ - | \$ - | \$ 3,887 |
| Cash and Investments - Restricted | 1,700 | - | 52,544 | 2,538,177 | 2,592,421 |
| Accounts Receivable - Homeowner's Fees | - | 720 | - | - | 720 |
| Receivable from County Treasurer | 79 | - | 236 | - | 315 |
| Receivable from Previous Developer | 842,244 | 7,708 | - | - | 849,952 |
| Prepaid Insurance | 2,997 | - | - | - | 2,997 |
| Property Taxes Receivable | 35,350 | - | 66,043 | - | 101,393 |
| Total Assets | <u>\$ 884,685</u> | <u>\$ 10,000</u> | <u>\$ 118,823</u> | <u>\$ 2,538,177</u> | <u>\$ 3,551,685</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 39,465 | \$ 6,822 | \$ - | \$ 342,690 | \$ 388,977 |
| Retainage Payable | - | - | - | 74,872 | 74,872 |
| Prepaid Assessments - Homeowner's Fees | - | 964 | - | - | 964 |
| Total Liabilities | 39,465 | 7,786 | - | 417,562 | 464,813 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Property Tax | 35,350 | - | 66,043 | - | 101,393 |
| Total Deferred Inflows of Resources | 35,350 | - | 66,043 | - | 101,393 |
| FUND BALANCES | | | | | |
| Nonspendable | 2,997 | - | - | - | 2,997 |
| Restricted for: | | | | | |
| Emergency Reserves | 1,700 | - | - | - | 1,700 |
| Debt Service | - | - | 52,780 | - | 52,780 |
| Capital Projects | - | - | - | 2,120,615 | 2,120,615 |
| Unassigned | 805,173 | 2,214 | - | - | 807,387 |
| Total Fund Balances | <u>809,870</u> | <u>2,214</u> | <u>52,780</u> | <u>2,120,615</u> | <u>2,985,479</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 884,685</u> | <u>\$ 10,000</u> | <u>\$ 118,823</u> | <u>\$ 2,538,177</u> | |

Amounts reported for 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 as assets in the funds.

Construction in Progress 1,624,848

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Bonds Payable (5,250,810)
Accrued Interest on Bonds Payable (311,642)
Developer Advance Payable (102,901)
Accrued Interest on Developer Advance Payable (2,563)

Net Position of Governmental Activities \$ (1,057,589)

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|-------------------|--------------------|------------------|---------------------|--------------------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 16,502 | \$ - | \$ 49,507 | \$ - | \$ 66,009 |
| Specific Ownership Taxes | 1,263 | - | 3,788 | - | 5,051 |
| Net Investment Income | 74 | - | 231 | 903 | 1,208 |
| Homeowner's Fees | - | 37,178 | - | - | 37,178 |
| Total Revenues | <u>17,839</u> | <u>37,178</u> | <u>53,526</u> | <u>903</u> | <u>109,446</u> |
| EXPENDITURES | | | | | |
| General and Administrative: | | | | | |
| Accounting | 41,131 | 12,450 | - | 11,220 | 64,801 |
| Audit | 2,500 | - | - | - | 2,500 |
| Billing Services | - | 10,467 | - | - | 10,467 |
| County Treasurer's Fee | 249 | - | 746 | - | 995 |
| Dues and Membership | 372 | - | - | - | 372 |
| Insurance and Bonds | 2,889 | - | - | - | 2,889 |
| Legal | 21,206 | 25,126 | - | 19,082 | 65,414 |
| Prior Community Expenses | 23,611 | 9,678 | - | - | 33,289 |
| Operations and Maintenance: | | | | | |
| Internet | - | 24,480 | - | - | 24,480 |
| Miscellaneous | 24 | 672 | - | - | 696 |
| Landscaping | - | 3,000 | - | - | 3,000 |
| Snow Removal | - | 3,520 | - | - | 3,520 |
| Trash | - | 4,063 | - | - | 4,063 |
| Utilities | - | 1,537 | - | - | 1,537 |
| Debt Service: | | | | | |
| Refunding Escrow | - | - | 817,844 | - | 817,844 |
| Capital Projects: | | | | | |
| Engineering | - | - | - | 110,327 | 110,327 |
| Bond Issue Costs | - | - | - | 346,773 | 346,773 |
| Capital Outlay | - | - | - | 1,624,848 | 1,624,848 |
| Total Expenditures | <u>91,982</u> | <u>94,993</u> | <u>818,590</u> | <u>2,112,250</u> | <u>3,117,815</u> |
| EXCESS OF REVENUES UNDER EXPENDITURES | | | | | |
| | (74,143) | (57,815) | (765,064) | (2,111,347) | (3,008,369) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond Proceeds | - | - | - | 4,911,329 | 4,911,329 |
| Bond Premium | - | - | - | 119,003 | 119,003 |
| Developer Advance | 102,901 | - | - | - | 102,901 |
| Repay Developer Advance | - | - | - | - | - |
| Transfers from Other Fund | - | 60,029 | 817,844 | 19,474 | 897,347 |
| Transfers to Other Fund | (79,503) | - | - | (817,844) | (897,347) |
| Total Other Financing Sources | <u>23,398</u> | <u>60,029</u> | <u>817,844</u> | <u>4,231,962</u> | <u>5,133,233</u> |
| NET CHANGE IN FUND BALANCES | | | | | |
| | (50,745) | 2,214 | 52,780 | 2,120,615 | 2,124,864 |
| Fund Balances - Beginning of Year | <u>860,615</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>860,615</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 809,870</u> | <u>\$ 2,214</u> | <u>\$ 52,780</u> | <u>\$ 2,120,615</u> | <u>\$ 2,985,479</u> |

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 2,124,864

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 asset over the estimated useful life of the asset.

Capital Outlay 1,624,848

The issuance of long-term debt (e.g. bond issuance, developer advance) provides current financial resources to governmental funds, while the repayment of the principal 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | |
|-----------------------------|-------------|
| Bond Issuance | (5,131,807) |
| Bond Premium | (119,003) |
| Developer Advance | (102,901) |
| Payment to Refunding Escrow | 817,844 |

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.

| | |
|--|-----------|
| Accrued Interest on Bond - Change in Liability | (311,642) |
| Accrued Interest on Developer Advances - Change in Liability | (2,563) |
| Accrued Interest on Loan - Change in Liability | (15,981) |
| | (170,186) |

Changes in Net Position of Governmental Activities \$ (1,116,341)

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 16,502 | \$ 16,502 | \$ 16,502 | \$ - |
| Specific Ownership Taxes | 1,155 | 1,155 | 1,263 | 108 |
| Homeowner's Fees | 52,200 | - | - | - |
| Net Investment Income | - | - | 74 | 74 |
| Total Revenues | <u>69,857</u> | <u>17,657</u> | <u>17,839</u> | <u>182</u> |
| EXPENDITURES | | | | |
| Accounting | 25,000 | 40,000 | 41,131 | (1,131) |
| Audit | 4,500 | 2,500 | 2,500 | - |
| County Treasurer's Fee | 248 | 248 | 249 | (1) |
| Dues and Membership | - | - | 372 | (372) |
| Insurance and Bonds | 2,500 | 3,100 | 2,889 | 211 |
| Prior Community Expenses | - | 30,000 | 23,611 | 6,389 |
| Legal | 25,000 | 25,000 | 21,206 | 3,794 |
| Miscellaneous | 10,000 | 4,152 | 24 | 4,128 |
| Operations Costs | 50,000 | - | - | - |
| Utilities | 9,250 | - | - | - |
| Total Expenditures | <u>126,498</u> | <u>105,000</u> | <u>91,982</u> | <u>13,018</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (56,641) | (87,343) | (74,143) | 13,200 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | 17,000 | 75,000 | 102,901 | 27,901 |
| Transfers to other Funds | - | (68,000) | (79,503) | (11,503) |
| Transfers from other Funds | 35,000 | 35,000 | - | (35,000) |
| Total Other Financing Sources (Uses) | <u>52,000</u> | <u>42,000</u> | <u>23,398</u> | <u>(18,602)</u> |
| NET CHANGE IN FUND BALANCE | (4,641) | (45,343) | (50,745) | (5,402) |
| Fund Balance - Beginning of Year | <u>862,305</u> | <u>862,305</u> | <u>860,615</u> | <u>(1,690)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 857,664</u> | <u>\$ 816,962</u> | <u>\$ 809,870</u> | <u>\$ (7,092)</u> |

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
SPECIAL REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Homeowner's Fees | \$ - | \$ 40,000 | \$ 37,178 | \$ (2,822) |
| Total Revenues | - | 40,000 | 37,178 | (2,822) |
| EXPENDITURES | | | | |
| Accounting | - | 14,000 | 12,450 | 1,550 |
| Landscaping | - | 3,000 | 3,000 | - |
| Billing Services | - | 10,000 | 10,467 | (467) |
| Legal Services | - | 25,000 | 25,126 | (126) |
| Internet | - | 25,000 | 24,480 | 520 |
| Trash | - | 4,500 | 4,063 | 437 |
| Utilities | - | 2,000 | 1,537 | 463 |
| Snow Removal | - | 8,000 | 3,520 | 4,480 |
| Prior Community Expenses | - | 12,000 | 9,678 | 2,322 |
| Miscellaneous | - | 2,500 | 672 | 1,828 |
| Repairs and Maintenance | - | 2,000 | - | 2,000 |
| Total Expenditures | - | 108,000 | 94,993 | 13,007 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | - | (68,000) | (57,815) | 10,185 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | - | - | - | - |
| Transfers from Other Funds | - | 68,000 | 60,029 | (7,971) |
| Total Other Financing Sources (Uses) | - | 68,000 | 60,029 | (7,971) |
| NET CHANGE IN FUND BALANCE | | | | |
| | - | - | 2,214 | 2,214 |
| Fund Balance - Beginning of Year | - | - | - | - |
| FUND BALANCE - END OF YEAR | \$ - | \$ - | \$ 2,214 | \$ 2,214 |

See accompanying Notes to Basic Financial Statements.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

GEOS Neighborhood Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized in February 2008 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to provide financing for design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities, public transportation, mosquito control, and television relay and translation equipment, and the operation and maintenance of the District. The District's service area is located entirely within the city of Arvada, Jefferson County, Colorado.

The District follows the 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, a 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 operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

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. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which 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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 as general revenues.

Separate financial statements are provided for governmental funds. 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 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 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 major sources of revenue susceptible to accrual are intergovernmental revenues, operation and maintenance fees, and public improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund accounts for resources accumulated to be used for payment of certain operation and maintenance expenses.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest long-term debt of the governmental funds.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

The Capital Projects Fund accounts for resources to be used for the acquisition and construction of capital infrastructure.

Budgets

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 appropriation is at the total fund expenditures and 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 has amended its annual budget for the year ended December 31, 2021.

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.

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 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

All assets of the District are anticipated to be conveyed to other governmental entities. Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment of capital assets.

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, *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 only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Amortization

Original Issue Premium/Discount

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Equity

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 Balance

Fund balance for governmental funds should be 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.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Fund Balance (Continued)

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:

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 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 balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 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 | \$ 3,887 |
| Cash and Investments - Restricted | 2,592,421 |
| Total Cash and Investments | <u>\$ 2,596,308</u> |

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

| | |
|--------------------------------------|----------------------------|
| Deposits with Financial Institutions | \$ 5,587 |
| Investments | <u>2,590,721</u> |
| Total | <u><u>\$ 2,596,308</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. 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 at least 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.

At December 31, 2021, the District cash deposits had a bank balance and carrying balance of \$5,587.

Investments

The District has adopted a policy authorizing investments in accordance with state statutes.

The District generally limits its concentration of investments to those 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 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 United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------------------|---------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | \$ 2,590,721 |

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), 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 the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2021:

| | Balance at December 31, 2020 | Additions | Deletions | Balance at December 31, 2021 |
|---|------------------------------------|---------------------|-------------|------------------------------------|
| Governmental Type Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Construction in Progress | \$ - | \$ 1,624,848 | \$ - | \$ 1,624,848 |
| Total Capital Assets, Not Being Depreciated | <u>\$ -</u> | <u>\$ 1,624,848</u> | <u>\$ -</u> | <u>\$ 1,624,848</u> |

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

| | Balance - December 31, 2020 | Additions | Retirement of Long-Term Obligations | Balance - December 31, 2021 | Due Within One Year |
|--|-----------------------------------|---------------------|---|-----------------------------------|---------------------------|
| Limited Tax G.O. Convertible Capital | | | | | |
| Appreciation Refunding and Improvement Bonds, Series 2021(3) | \$ - | \$ 4,911,329 | \$ - | \$ 4,911,329 | \$ - |
| Accreted Value - Series 2021(3) | - | 220,478 | - | 220,478 | - |
| Bond Premium - Series 2021(3) | - | 119,003 | - | 119,003 | - |
| General Obligation Refunding Loan Series 2019A | 639,500 | - | 639,500 | - | - |
| General Obligation Refunding Loan Series 2019B | 162,363 | - | 162,363 | - | - |
| General Obligation Refunding Loan Series 2019A - Interest | - | 13,413 | 13,413 | - | - |
| General Obligation Refunding Loan Series 2019B - Interest | - | 2,568 | 2,568 | - | - |
| Subtotal Bonds Payable | <u>801,863</u> | <u>5,266,791</u> | <u>817,844</u> | <u>5,250,810</u> | <u>-</u> |
| Other Debts: | | | | | |
| Developer Advances - O&M | - | 102,901 | - | 102,901 | - |
| Interest on Developer Advances - O&M | - | 2,563 | - | 2,563 | - |
| Subtotal Other Debts | <u>-</u> | <u>105,464</u> | <u>-</u> | <u>105,464</u> | <u>-</u> |
| Total | <u>\$ 801,863</u> | <u>\$ 5,372,255</u> | <u>\$ 817,844</u> | <u>\$ 5,356,274</u> | <u>\$ -</u> |

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

Limited Tax General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2021(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on March 8, 2021, in the par amount of \$4,911,329 (Value at Issuance) and \$6,150,000 (Value at Current Interest Conversion Date).

Proceeds from the sale of the Bonds were used to: (i) finance or reimburse the costs of public improvements related to the development; (ii) prepay in full the District's currently outstanding Limited Tax General Obligation Note, Series 2019A and Limited Tax General Obligation Note, Series 2019B (collectively, the "Series 2019 Notes"); and (iii) pay other costs in connection with the issuance of the Bonds and prepaying the Series 2019 Notes.

Details of the Bonds

The Bonds were issued as capital appreciation bonds that automatically convert to current interest bonds on the Current Interest Conversion Date of December 1, 2024. Prior to the Current Interest Conversion Date, the Bonds pay no current interest; rather, they accrete in value at an accretion rate of 6.125% (yield 5.799%) compounding semiannually on each June 1 and December 1, commencing on June 1, 2021, from their date of issuance.

The accreted principal balance on the Current Interest Conversion Date will be \$6,150,000. On the Current Interest Conversion Date, the Bonds will cease to be capital appreciation bonds and automatically convert to current interest bonds, at which time the Bonds will bear interest at the rate of 6.125%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2025. Annual principal payments are due on December 1 of each year beginning December 1, 2028. The Bonds mature on December 1, 2050.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid or the Discharge Date of December 1, 2059 and will continue to bear interest at the rate then borne by the Bonds. To the extent interest accrued on the Accreted Value of any Bond after the Current Interest Conversion Date is not paid when due, such unpaid interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Bonds. The total repayment obligation of the District for the Bonds cannot exceed the limitations of the Election and the amount permitted by law.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2021(3) (the Bonds) (Continued)

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|-------------------------------------|---------------------------|
| March 1, 2026, to February 28, 2027 | 3.00% |
| March 1, 2027, to February 29, 2028 | 2.00 |
| March 1, 2028, to February 28, 2029 | 1.00 |
| March 1, 2029, and thereafter | 0.00 |

Pledged Revenue

The Bonds are payable solely from and to the extent of the Pledged Revenue which means the moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) the portion of Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Property Tax Revenues

Property Tax Revenues means all moneys derived from imposition by the District of the Required Mill Levy. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Required Mill Levy

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount necessary to generate Property Tax Revenues sufficient to pay the Bonds as they come due, but not in excess of 40 mills (subject to adjustment for changes in the ratio of actual valuation to assessed valuation after January 1, 2007) less the Permitted O&M Mill Levy Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy shall be equal to 40 mills (subject to adjustment) less the Permitted O&M Mill Levy Deduction, or such lesser amount that will generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund, will pay the Bonds in full.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2021(3) (the Bonds) (Continued)

Required Mill Levy (Continued)

The Permitted O&M Mill Levy Deduction is the ad valorem property tax levy imposed by the District for general, administrative, operation and maintenance costs, but not in excess of the number of mills which would generate property taxes, after deduction of collection costs, in an amount equal to: (a) \$35,000 for collection year 2021, and (b) for each collection year thereafter, such maximum dollar amount for the prior collection year, plus 1.00%.

Surplus Fund

The Bonds are additionally secured by the Surplus Fund, which will be funded with annual excess Pledged Revenue, if any, up to the Maximum Surplus Amount of \$1,006,066. The Surplus Fund is to be maintained for so long as any Bonds are Outstanding.

Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds shall be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year prior to the year of final maturity of the Bonds. The District also may, in its sole discretion, take into account any amounts on deposit in the Surplus Fund when determining the Required Mill Levy to be imposed in 2048 (for collection in 2049) as described in the Indenture.

Events of Default

The occurrence of any one of more of the following events or the existence of any or more of the following conditions shall constitute an Event of Default under the Indenture, and there shall be no default or Event of Default hereunder except as provided in this section:

- (i) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (ii) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof;
- (iii) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's 2021⁽³⁾ Bonds will mature as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|----------------------|
| 2022 | \$ - | \$ - | \$ - |
| 2023 | - | - | - |
| 2024 | - | - | - |
| 2025 | - | 376,688 | 376,688 |
| 2026 | - | 376,688 | 376,688 |
| 2027-2031 | 95,000 | 1,878,233 | 1,973,233 |
| 2032-2036 | 510,000 | 1,803,750 | 2,313,750 |
| 2037-2041 | 1,090,000 | 1,582,088 | 2,672,088 |
| 2042-2046 | 1,990,000 | 1,146,294 | 3,136,294 |
| 2047-2050 | 2,465,000 | 396,594 | 2,861,594 |
| Total | <u>\$ 6,150,000</u> | <u>\$ 7,560,335</u> | <u>\$ 13,710,335</u> |

Authorized Debt

On November 6, 2007 and November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$18,000,000. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized November 6, 2007 | Amount Authorized November 8, 2016 | Authorization Used - 2019A&B Loan | Authorization Used - Series 2021(3) | Authorized But Unissued |
|-------------------------------------|---|---|---|---|-------------------------------|
| Streets, Roadway and Storm Drainage | \$ 1,500,000 | \$ - | \$ 160,373 | \$ 810,664 | \$ 528,963 |
| Traffic and Safety Control | 1,500,000 | - | 160,373 | 810,664 | 528,963 |
| Sanitation | 1,500,000 | - | 160,373 | 810,664 | 528,963 |
| Water | 1,500,000 | - | 160,373 | 810,664 | 528,963 |
| Parks and Recreation | 1,500,000 | - | 160,373 | 810,664 | 528,963 |
| TV Relay and Translation | - | 500,000 | - | - | 500,000 |
| Refunding | 5,000,000 | - | - | 858,009 | 4,141,991 |
| Third Party Reimbursements | 5,000,000 | - | - | - | 5,000,000 |
| Total | <u>\$ 17,500,000</u> | <u>\$ 500,000</u> | <u>\$ 801,863</u> | <u>\$ 4,911,329</u> | <u>\$12,286,808</u> |

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,000,000, not including the principal amount of debt which has been refunded by the issuance of refunding debt.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally 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 restricted net position as of December 31, 2021, as follows:

| | |
|-------------------------------|-----------------|
| Restricted Net Position: | |
| Emergency Reserves | \$ 1,700 |
| Total Restricted Net Position | <u>\$ 1,700</u> |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued, and accrued interest, for the construction of public improvements conveyed to other governments.

NOTE 7 AGREEMENTS

Advance and Reimbursement Agreement

On September 30, 2021, the District, and GEOS Ventures, LLC (the Developer) entered into an Advance and Reimbursement Agreement pursuant to which the Developer has agreed to advance funds to the District to cover the shortfall, if any, in the District’s General Fund for the payment of administrative, operations and maintenance expenditures. The District has agreed to reimburse such advances, together with interest at 6% per annum, subject to annual appropriation and budget approval by the District. As of December 31, 2021, the outstanding advances under this agreement totaled \$102,901 and accrued interest totaled \$2,563.

NOTE 8 RELATED PARTY

The Developer of the property which constitutes the District is GEOS Ventures, LLC, a Colorado limited liability company. As of December 31, 2021, the majority of the members of the Board of Directors are officers or employees of the Developer or an entity affiliated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 9 INTERFUND TRANSFERS

The District transferred \$60,029 from the General Fund to the Special Revenue Fund to cover certain operating and maintenance expenditures.

The District transferred \$19,474 from the General Fund to the Capital Projects Fund to cover certain capital expenditures.

The District transferred \$817,844 from the Capital Projects Fund to the Debt Service Fund to cover the loan refunding.

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 LITIGATION

The District has been named in a lawsuit in 2022. The outcome of this lawsuit is undeterminable at this time.

NOTE 11 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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 (the 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.

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

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

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

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 6, 2007, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

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.

SUPPLEMENTARY INFORMATION

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 49,507 | \$ 49,507 | \$ - |
| Specific Ownership Taxes | 3,465 | 3,788 | 323 |
| Net Investment Income | - | 231 | 231 |
| Total Revenues | <u>52,972</u> | <u>53,526</u> | <u>554</u> |
| EXPENDITURES | | | |
| County Treasurer's Fe | 743 | 746 | (3) |
| Refunding Escrow | 812,000 | 817,844 | (5,844) |
| Paying Agent Fees | 4,000 | - | 4,000 |
| Bond Interest | 234,028 | - | 234,028 |
| Total Expenditures | <u>1,050,771</u> | <u>818,590</u> | <u>232,181</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (997,799) | (765,064) | 232,735 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Other Funds | 1,880,277 | 817,844 | (1,062,433) |
| Transfers to Other Funds | (35,000) | - | 35,000 |
| Total Other Financing Sources (Uses) | <u>1,845,277</u> | <u>817,844</u> | <u>(1,027,433)</u> |
| NET CHANGE IN FUND BALANCES | 847,478 | 52,780 | (794,698) |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 847,478</u> | <u>\$ 52,780</u> | <u>\$ (794,698)</u> |

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------------------|----------------------------|---|
| REVENUES | | | |
| Net Investment Income | \$ - | \$ 903 | \$ 903 |
| Total Revenues | <u>-</u> | <u>903</u> | <u>903</u> |
| EXPENDITURES | | | |
| Accounting | - | 11,220 | (11,220) |
| Legal Services | - | 19,082 | (19,082) |
| Engineering | - | 110,327 | (110,327) |
| Bond Issue Costs | 350,000 | 346,773 | 3,227 |
| Capital Outlay | 2,769,723 | 1,624,848 | 1,144,875 |
| Total Expenditures | <u>3,119,723</u> | <u>2,112,250</u> | <u>1,007,473</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (3,119,723) | (2,111,347) | 1,008,376 |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond Proceeds | 5,000,000 | 4,911,329 | (88,671) |
| Bond Premium | - | 119,003 | 119,003 |
| Developer Advance | 2,769,723 | - | (2,769,723) |
| Repay Developer Advance | (2,769,723) | - | 2,769,723 |
| Transfers from Other Fund | - | 19,474 | 19,474 |
| Transfers to Other Fund | (1,880,277) | (817,844) | 1,062,433 |
| Total Other Financing Sources | <u>3,119,723</u> | <u>4,231,962</u> | <u>1,112,239</u> |
| NET CHANGE IN FUND BALANCE | - | 2,120,615 | 2,120,615 |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 2,120,615</u> | <u>\$ 2,120,615</u> |

OTHER INFORMATION

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$4,911,329 Accreting to \$6,150,000 at Maturity
Limited Tax General Obligation Convertible
Capital Appreciation Refunding and Improvement
Bonds, Series 2021(3)
Dated March 8, 2021
Principal due December 1
Interest Rate 6.125% Payable
June 1 and December 1

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|----------------------|
| 2022 | \$ - | \$ - | \$ - |
| 2023 | - | - | - |
| 2024 | - | - | - |
| 2025 | - | 376,688 | 376,688 |
| 2026 | - | 376,688 | 376,688 |
| 2027 | - | 376,688 | 376,688 |
| 2028 | 10,000 | 376,688 | 386,688 |
| 2029 | 10,000 | 376,075 | 386,075 |
| 2030 | 35,000 | 375,463 | 410,463 |
| 2031 | 40,000 | 373,319 | 413,319 |
| 2032 | 70,000 | 370,869 | 440,869 |
| 2033 | 75,000 | 366,518 | 441,518 |
| 2034 | 105,000 | 361,988 | 466,988 |
| 2035 | 110,000 | 355,556 | 465,556 |
| 2036 | 150,000 | 348,819 | 498,819 |
| 2037 | 155,000 | 339,631 | 494,631 |
| 2038 | 200,000 | 330,138 | 530,138 |
| 2039 | 210,000 | 317,888 | 527,888 |
| 2040 | 255,000 | 305,025 | 560,025 |
| 2041 | 270,000 | 289,406 | 559,406 |
| 2042 | 325,000 | 272,869 | 597,869 |
| 2043 | 345,000 | 252,963 | 597,963 |
| 2044 | 400,000 | 231,831 | 631,831 |
| 2045 | 425,000 | 207,331 | 632,331 |
| 2046 | 495,000 | 181,300 | 676,300 |
| 2047 | 520,000 | 150,981 | 670,981 |
| 2048 | 595,000 | 119,131 | 714,131 |
| 2049 | 635,000 | 82,688 | 717,688 |
| 2050 | 715,000 | 43,794 | 758,794 |
| Total | <u>\$ 6,150,000</u> | <u>\$ 7,560,335</u> | <u>\$ 13,710,335</u> |

**GEOS NEIGHBORHOOD METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

| Year Ended December 31 | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Taxes | | Percent Collected to Levied |
|--|---|--------------|--------------|----------------------|-----------|-----------------------------------|
| | | General | Debt Service | Levied | Collected | |
| 2017 | \$ 485,250 | 40.000 | 0.000 | \$ 19,411 | \$ 19,411 | 100.00 % |
| 2018 | 799,281 | 40.000 | 0.000 | 31,971 | 31,971 | 100.00 |
| 2019 | 911,009 | 40.000 | 0.000 | 36,441 | 36,728 | 100.79 |
| 2020 | 1,311,453 | 40.000 | 0.000 | 52,458 | 52,458 | 100.00 |
| 2021 | 1,482,280 | 11.133 | 33.399 | 66,009 | 66,009 | 100.00 |
| Estimated for Year Ending December 31, 2022 | \$ 2,276,867 | 15.526 | 29.006 | \$ 101,393 | | |

Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.