

KIPLING RIDGE METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**KIPLING RIDGE METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kipling Ridge Metropolitan District
Jefferson County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Kipling Ridge Metropolitan District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

I

Fiscal Focus Partners, LLC

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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.

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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary and Other Information on pages 17 and 20

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 and the other information on page 20 (together, the other information) is presented for the purposes of additional analysis and legal compliance 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fisef Focus Partners, LLC

Greenwood Village, Colorado
June 16, 2022

BASIC FINANCIAL STATEMENTS

**KIPLING RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 692,930
Cash and Investments - Restricted	7,300
Prepaid Expense	450
Accounts Receivable	38
Receivable from County Treasurer	1,066
Due from Arvada Ridge PIC	30
Property Taxes Receivable	137,254
Capital Assets, Not Being Depreciated	<u>2,615,086</u>
	3,454,154
Accounts Payable	<u>16,431</u>
Total Liabilities	16,431
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>137,254</u>
Total Deferred Inflow of Resources	<u>137,254</u>
NET POSITION	
Net Investment in Capital Assets	2,615,086
Restricted for:	
Emergency Reserves	7,300
Unrestricted	<u>678,083</u>
Total Net Position	<u><u>\$ 3,300,469</u></u>

See accompanying Notes to Basic Financial Statements.

**KIPLING RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net Revenues (Expenses) and Change in Net Position
\$ 159,217	\$ -	\$ 97,686	\$ -	\$	(61,531)
<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(74)</u>
<u>\$ 159,291</u>	<u>\$ -</u>	<u>\$ 97,686</u>	<u>\$ -</u>		<u>(61,605)</u>

FUNCTIONS/PROGRAMS

- Primary Government:
- Governmental Activities:
- General Government
- Intergovernmental Expense

GENERAL REVENUES

Property Taxes	127,948
Specific Ownership Taxes	17,105
Net Investment Income	162
Total General Revenues	<u>145,215</u>

CHANGE IN NET POSITION

Net Position - Beginning of Year	<u>3,216,859</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,300,469</u></u>

See accompanying Notes to Basic Financial Statements.

**KIPLING RIDGE METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 663,170	\$ -	\$ 29,760	\$ 692,930
Cash and Investments - Restricted	7,300	-	-	7,300
Due from Arvada Ridge PIC	30	-	-	30
Prepaid Expense	450	-	-	450
Accounts Receivable	38	-	-	38
Receivable from County Treasurer	1,066	-	-	1,066
Property Taxes Receivable	137,254	-	-	137,254
County Treasurer's Fee	\$ 809,308	\$ -	\$ 29,760	\$ 839,068
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 16,431	\$ -	\$ -	\$ 16,431
Total Liabilities	16,431	-	-	16,431
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	137,254	-	-	137,254
Total Deferred Inflows of Resources	137,254	-	-	137,254
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	450	-	-	450
Restricted For:				
Emergency Reserves	7,300	-	-	7,300
Assigned To:				
Capital Projects	-	-	29,760	29,760
Unassigned	647,873	-	-	647,873
Total Fund Balances	655,623	-	29,760	685,383
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 809,308	\$ -	\$ 29,760	
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 in the funds.				2,615,086
Net Position of Governmental Activities				\$ 3,300,469

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 127,948	\$ -	\$ -	\$ 127,948
Property Taxes - Collected Through AURA	92,467	-	-	92,467
Intergovernmental Revenue	5,219	-	-	5,219
Specific Ownership Taxes	17,105	-	-	17,105
Net Investment Income	87	74	1	162
Total Revenues	<u>242,826</u>	<u>74</u>	<u>1</u>	<u>242,901</u>
EXPENDITURES				
Accounting	31,354	-	-	31,354
Auditing	4,950	-	-	4,950
County Treasurer's Fee	1,919	-	-	1,919
Dues and Licenses	373	-	-	373
Insurance and Bonds	6,245	-	-	6,245
District Management	24,127	-	-	24,127
Management Due Diligence	1,100	-	-	1,100
Legal Services	29,379	-	-	29,379
Legal Due Diligence	1,125	-	-	1,125
Miscellaneous	150	-	-	150
Landscaping	14,027	-	-	14,027
Snow Removal	3,216	-	-	3,216
Irrigation	11,007	-	-	11,007
Landscape - Replacements	24,349	-	-	24,349
Intergovernmental Expenditures	-	74	-	74
Detention Pond Maintenance	3,296	-	-	3,296
Wall Maintenance and Observation	2,600	-	-	2,600
Total Expenditures	<u>159,217</u>	<u>74</u>	<u>-</u>	<u>159,291</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,609	-	1	83,610
Fund Balances - Beginning of Year	<u>572,014</u>	<u>-</u>	<u>29,759</u>	<u>601,773</u>
FUND BALANCES - END OF YEAR	<u>\$ 655,623</u>	<u>\$ -</u>	<u>\$ 29,760</u>	<u>\$ 685,383</u>

Amounts reported for governmental activities in the statement of activities are the same as above.

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

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 129,687	\$ 127,948	\$ 127,948	\$ -
Property Taxes - Collected Through AURA	96,068	92,467	92,467	-
Specific Ownership Taxes	9,078	17,105	17,105	-
Net Investment Income	1,300	87	87	-
Intergovernmental Revenue	-	5,219	5,219	-
Total Revenues	<u>236,133</u>	<u>242,826</u>	<u>242,826</u>	<u>-</u>
EXPENDITURES				
Accounting	25,000	31,400	31,354	46
Auditing	5,000	4,950	4,950	-
County Treasurer's Fee	1,945	1,919	1,919	-
Dues and Licenses	500	400	373	27
Insurance and Bonds	6,500	6,300	6,245	55
District Management	13,000	24,200	24,127	73
Management Due Diligence	-	1,100	1,100	-
Legal Services	10,000	30,000	29,379	621
Legal Due Diligence	-	1,125	1,125	-
Miscellaneous	300	150	150	-
Landscaping	10,000	14,100	14,027	73
Snow Removal	6,000	3,300	3,216	84
Irrigation	7,500	11,100	11,007	93
Landscape - Replacements	10,000	24,500	24,349	151
Detention Pond Maintenance	5,000	3,500	3,296	204
Wall Maintenance and Observation	5,000	2,600	2,600	-
Contingency	17,255	9,356	-	9,356
Total Expenditures	<u>123,000</u>	<u>170,000</u>	<u>159,217</u>	<u>10,783</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,133	72,826	83,609	10,783
Fund Balance - Beginning of Year	<u>560,600</u>	<u>572,014</u>	<u>572,014</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 673,733</u>	<u>\$ 644,840</u>	<u>\$ 655,623</u>	<u>\$ 10,783</u>

See accompanying Notes to Basic Financial Statements.

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Kipling Ridge Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on November 15, 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado, entirely within the city of Arvada. The District was established to provide financing for the acquisition, construction and installation of water, sanitation, parks and recreation, drainage, street improvements, transportation, and mosquito control.

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 financially accountable for the Arvada Ridge Public Improvement Company (PIC). The PIC was formed on March 15, 2005, for the purpose of imposing and collecting certain retail sales fees (PIF) imposed for the benefit of the District and other parties. The District, the City of Arvada, the Arvada Urban Renewal Authority (AURA) and the Developer (as hereafter defined) entered into the Cooperation Agreement dated December 13, 2004, whereby the PIC agreed to remit a certain portion of the PIF revenue received to the District in consideration of the District's financing and construction of public improvements which benefit the members of the PIC. The Cooperation Agreement also provides for AURA and Target Corporation (Target) to receive a portion of the PIF revenue generated by the PIC. Since the resources received by the PIC are not entirely for the benefit of the District, the PIC is not a component unit of the District. At October 27, 2020 Board meeting, the District approved a Memorandum of Termination of the Cooperation Agreement, and directed legal counsel to coordinate execution of same, which was fully executed by all parties on December 8, 2021. In December of 2021, the PIC was dissolved.

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

The District is not a component unit of any other primary governmental entity.

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.

**KIPLING RIDGE 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 effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

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.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement 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 property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**KIPLING RIDGE 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 is used to account for financial resources to be used for the acquisition and construction of infrastructure improvements.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 ending 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.

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, 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. 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.

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 the net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has not been recorded as the assets are recorded as nondepreciable land improvements.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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. 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.

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

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

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s 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	\$ 692,930
Cash and Investments - Restricted	7,300
Total Cash and Investments	\$ 700,230

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

Deposits with Financial Institutions	\$ 118,943
Investments	581,287
Total Cash and Investments	\$ 700,230

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. 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's cash deposits had a bank balance of \$118,943 and a carrying balance of \$118,943.

Investments

The District has adopted a formal investment policy whereby the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements 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.

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

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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	\$ 581,287

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s and COLOTRUST EDGE is rated AAf/S1 by Fitch Ratings. 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 or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2021 follows:

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Land Improvements	\$ 2,615,086	\$ -	\$ -	\$ 2,615,086
Capital Assets, Net	<u>\$ 2,615,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,615,086</u>

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

A portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

NOTE 5 LONG-TERM OBLIGATIONS

Debt Authorization

On November 2, 2004, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$123,000,000 at an interest rate not to exceed 18%, allocated for the following purposes:

	Authorized November 2, 2004 Election	Authorization Used, Series 2005	Authorization Used, Series 2011/2012	Authorized but Unissued
Streets	\$ 20,000,000	\$ 8,156,279	\$ -	\$ 11,843,721
Water	20,000,000	1,255,777	-	18,744,223
Storm Drainage and Sanitary Sewer	20,000,000	5,577,944	-	14,422,056
Refunding of Debt	20,000,000	-	12,360,000	7,640,000
Transportation	20,000,000	-	-	20,000,000
Intergovernmental Agreements	20,000,000	-	-	20,000,000
Operating Expenses	3,000,000	-	-	3,000,000
Total	<u>\$ 123,000,000</u>	<u>\$ 14,990,000</u>	<u>\$ 12,360,000</u>	<u>\$ 95,650,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$20,000,000, not including refunding of debt.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,615,086
Net Investment in Capital Assets	<u>\$ 2,615,086</u>

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION (CONTINUED)

Restricted net position includes 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	\$ 7,300
Total Restricted Net Position	<u>\$ 7,300</u>

As of December 31, 2021, the District's total unrestricted net position was \$678,083.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District was Arvada Ridge Market Place, LLC. Shea Arvada Ridge, LLC is the managing member of the Developer. From January 1, 2021 through December 19, 2021, the members of the Board of Directors of the District were employees, owners or associated with the Developer. Following the sale of certain property by Arvada Ridge Market Place, LLC to Arvada Ridge Investors LLC, the members of the Board of Directors of the District are employees, owners or associated with Arvada Ridge Investors LLC or Ridge Venture, LLC, a property owner within the boundaries of the District, and may have conflicts of interest in dealing with the District.

NOTE 8 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 (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.

**KIPLING RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 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.

On November 2, 2004, the District voters passed an election question to increase property taxes \$1,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**KIPLING RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ 74	\$ 74	\$ -
Total Revenues	<u>-</u>	<u>74</u>	<u>74</u>	<u>-</u>
EXPENDITURES				
Intergovernmental Expenditures	-	74	74	-
Total Expenditures	<u>-</u>	<u>74</u>	<u>74</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**KIPLING RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 60	\$ 1	\$ (59)
Total Revenues	<u>60</u>	<u>1</u>	<u>(59)</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	60	1	(59)
Fund Balance - Beginning of Year	<u>29,759</u>	<u>29,759</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 29,819</u></u>	<u><u>\$ 29,760</u></u>	<u><u>\$ (59)</u></u>

OTHER INFORMATION

**KIPLING RIDGE 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	Mill Levy	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 8,375,185	10.000	\$ 83,752	\$ 69,370	82.83 % *
2017	8,483,443	10.000	84,834	97,966	115.48 **
2018	10,305,996	10.000	103,060	101,063	98.06
2019	10,357,471	10.000	103,575	101,695	98.18
2020	11,707,796	10.000	117,078	115,154	98.36
2021	12,968,746	10.000	129,687	127,948	98.66
Estimated for the Year Ending December 31, 2022	\$ 13,725,407	10.000	\$ 137,254		

NOTE: Property taxes shown as collected in any one year may include collection of delinquent property taxes assessed in prior years. This presentation does not attempt to identify specific year of assessment.

* In 2016, the District received less than levied due to tax abatement.

** In 2017, the District received more than levied as a result of collecting taxes not paid in prior years.