

**RIVER OAKS METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**RIVER OAKS METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Oaks Metropolitan District
Adams County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the River Oaks 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 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 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. 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.

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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.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

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 opinion on the basic financial statements is 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 listed 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 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 included in the annual report. The Other Information, as listed in the table of contents, 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 any form of 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.

Duggio & Associates, P.C.

June 13, 2022

BASIC FINANCIAL STATEMENTS

**RIVER OAKS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,029,400
Cash and Investments - Restricted	508,422
Receivable - County Treasurer	5,344
Accounts Receivable	1,589
Prepaid Expense	2,479
Property Taxes Receivable	564,443
Capital Assets, Net	<u>101,254</u>
Total Assets	<u>2,212,931</u>
LIABILITIES	
Accounts Payable	5,512
Accrued Bond Interest Payable	10,471
Noncurrent Liabilities:	
Due Within One Year	176,132
Due in More Than One Year	<u>3,049,795</u>
Total Liabilities	<u>3,241,910</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>564,443</u>
Total Deferred Inflows of Resources	<u>564,443</u>
NET POSITION	
Net Investment in Capital Assets	101,254
Restricted For:	
Emergency Reserves	5,700
Debt Service	493,348
Unrestricted	<u>(2,193,724)</u>
Total Net Position	<u><u>\$ (1,593,422)</u></u>

See accompanying Notes to Basic Financial Statements.

**RIVER OAKS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
FUNCTIONS/PROGRAMS		Expenses			Governmental Activities
Primary Government:					
Government Activities:					
General Government, Including Depreciation	\$ 40,895	\$ -	\$ -	-	\$ (40,895)
Interest on Long-Term Debt and Related Expenses	111,246	-	-	-	(111,246)
Total Government Activities	<u>\$ 152,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(152,141)</u>
GENERAL REVENUES					
Property Taxes					534,645
Specific Ownership Taxes					44,435
Net Investment Income					842
Total General Revenues					<u>579,922</u>
CHANGE IN NET POSITION					427,781
Net Position - Beginning of Year					<u>(2,021,203)</u>
NET POSITION - END OF YEAR					<u>\$ (1,593,422)</u>

See accompanying Notes to Basic Financial Statements.

**RIVER OAKS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

ASSETS	General	Debt Service	Total Governmental Funds
Cash and Investments	\$ 1,029,400	\$ -	\$ 1,029,400
Cash and Investments - Restricted	5,700	502,722	508,422
Accounts Receivable	1,589	-	1,589
Receivable - County Treasurer	1,747	3,597	5,344
Prepaid Expenditure	2,479	-	2,479
Property Taxes Receivable	184,529	379,914	564,443
Total Assets	\$ 1,225,444	\$ 886,233	\$ 2,111,677
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,012	\$ 2,500	\$ 5,512
Total Liabilities	3,012	2,500	5,512
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	184,529	379,914	564,443
Total Deferred Inflows of Resources	184,529	379,914	564,443
FUND BALANCES			
Nonspendable:			
Prepaid Expenditure	2,479	-	2,479
Restricted For:			
Emergency Reserves (TABOR)	5,700	-	5,700
Debt Service	-	503,819	503,819
Unassigned	1,029,724	-	1,029,724
Total Fund Balances	1,037,903	503,819	1,541,722
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,225,444	\$ 886,233	

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.

Capital Assets, Net	101,254
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(3,005,000)
Bond Premium	(220,927)
Accrued Bond Interest Payable	(10,471)

Net Position of Governmental Activities	\$ (1,593,422)
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See accompanying Notes to Basic Financial Statements.

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

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 174,787	\$ 359,858	\$ 534,645
Specific Ownership Taxes	14,527	29,908	44,435
Net Investment Income	440	402	842
Total Revenues	<u>189,754</u>	<u>390,168</u>	<u>579,922</u>
EXPENDITURES			
Current:			
Accounting	12,641	-	12,641
Auditing	4,500	-	4,500
County Treasurer's Fee	2,623	5,401	8,024
Dues and Licenses	300	-	300
Insurance and Bonds	2,479	-	2,479
Legal Services	5,697	-	5,697
Debt Service:			
Bond Principal - 2016	-	135,000	135,000
Bond Interest - 2016	-	131,050	131,050
Paying Agent Fees	-	2,500	2,500
Total Expenditures	<u>28,240</u>	<u>273,951</u>	<u>302,191</u>
NET CHANGE IN FUND BALANCES	161,514	116,217	277,731
Fund Balances - Beginning of Year	<u>876,389</u>	<u>387,602</u>	<u>1,263,991</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,037,903</u>	<u>\$ 503,819</u>	<u>\$ 1,541,722</u>

See accompanying Notes to Basic Financial Statements.

**RIVER OAKS 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 Changes in Fund Balances - Total Governmental Funds	\$ 277,731
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Depreciation	(12,655)
<p>The issuance of long-term debt (e.g., bonds) 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 as expenditures, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal Payment	135,000
<p>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.</p>	
Accrued Interest on Bonds Payable - Change in Liability	450
Amortization of Bond Premium	27,255
	427,781
Change in Net Position of Governmental Activities	\$ 427,781

See accompanying Notes to Basic Financial Statements.

**RIVER OAKS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT 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			
Property Taxes	\$ 175,142	\$ 174,787	\$ (355)
Specific Ownership Taxes	12,260	14,527	2,267
Net Investment Income	4,700	440	(4,260)
Total Revenues	<u>192,102</u>	<u>189,754</u>	<u>(2,348)</u>
EXPENDITURES			
Current:			
Accounting	20,000	12,641	7,359
Auditing	5,000	4,500	500
County Treasurer's Fee	2,627	2,623	4
Directors' Fees	500	-	500
Dues and Licenses	500	300	200
Insurance and Bonds	2,500	2,479	21
Legal Services	10,000	5,697	4,303
Miscellaneous	1,000	-	1,000
Contingency	7,873	-	7,873
Total Expenditures	<u>50,000</u>	<u>28,240</u>	<u>21,760</u>
NET CHANGE IN FUND BALANCE	142,102	161,514	19,412
Fund Balance - Beginning of Year	<u>873,730</u>	<u>876,389</u>	<u>2,659</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,015,832</u>	<u>\$ 1,037,903</u>	<u>\$ 22,071</u>

See accompanying Notes to Basic Financial Statements.

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

River Oaks Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on November 21, 2003, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a service plan approved by Commerce City (City) on September 15, 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, transportation, television relay and translator, mosquito control, water facilities, sanitary sewer, and storm drainage.

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

The District is not financially accountable for any other organization, nor is the District 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property 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.

**RIVER OAKS 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 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 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. Redemption of bonds are recorded as a reduction in liabilities.

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 government 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 and specific ownership taxes. 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 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.

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include roadway improvements, are reported by the District. 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.

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 been computed using the straight-line method over 20 years for roadway improvements.

Amortization

Original Issue Premium

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

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 government's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component.

Restricted – This component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

Unrestricted – The component of net position that does not meet the definitions above.

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.

**RIVER OAKS 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

Investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,029,400
Cash and Investments - Restricted	508,422
Total Cash and Investments	<u>\$ 1,537,822</u>

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

Deposits with Financial Institution	\$ 8,423
Investments	1,529,399
Total Cash and Investments	<u>\$ 1,537,822</u>

**RIVER OAKS 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 had a bank and a carrying balance of \$8,423.

Investments

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

The District generally limits its concentration of investments to those 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 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.

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

**RIVER OAKS 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 Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 1,529,399</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of changes in capital assets for the year ended December 31, 2021, follows:

	<u>Balance - December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance - December 31, 2021</u>
Capital Assets, Being Depreciated:				
Roadway Improvements	\$ 253,132	\$ -	\$ -	\$ 253,132
Less Accumulated Depreciation For:				
Roadway Improvements	(139,223)	(12,655)	-	(151,878)
Total Capital Assets, Being Depreciated, Net	113,909	(12,655)	-	101,254
Capital Assets, Net	<u>\$ 113,909</u>	<u>\$ (12,655)</u>	<u>\$ -</u>	<u>\$ 101,254</u>

Depreciation expense was charged to the general government function.

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The District owns certain roadway improvements (Filing 2 Roadways) that will be maintained by the Homeowner's Association. The District will consider taking on maintenance costs for the roadways in the future.

NOTE 5 LONG-TERM DEBT

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

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
2016 G.O. Bonds	\$ 3,140,000	\$ -	\$ 135,000	\$ 3,005,000	\$ 150,000
2016 Bond Premium	248,182	-	27,255	220,927	26,132
Total	<u>\$ 3,388,182</u>	<u>\$ -</u>	<u>\$ 162,255</u>	<u>\$ 3,225,927</u>	<u>\$ 176,132.00</u>

Series 2016 Bonds

On November 4, 2016, the District issued \$3,715,000 in General Obligation Refunding Bonds (Unlimited Tax) to refund its Series 2006 Bonds and Series 2010 Subordinate Bonds. The Bonds are due December 1, 2035, with an interest rate of 4.00% - 4.25%, paid semiannually on June 1 and December 1. The yield on the Bonds is 2.931%. The bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, on December 1, 2026, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds are subject to mandatory sinking fund redemption on December 1, 2016, and on each December 1 thereafter in increasing amounts annually through maturity. The bonds are payable from the District's covenant to levy a mill levy on all taxable property within the District in an amount sufficient to pay for debt service payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the mill levy. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (AGM) issued its Municipal Bond Insurance Policy for the Bonds (the Policy). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy.

The District's bond obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 150,000	\$ 125,650	\$ 275,650
2023	155,000	119,650	274,650
2024	165,000	113,450	278,450
2025	170,000	106,850	276,850
2026	185,000	100,050	285,050
2027-2031	1,080,000	376,763	1,456,763
2032-2035	1,100,000	119,851	1,219,851
Total	<u>\$ 3,005,000</u>	<u>\$ 1,062,264</u>	<u>\$ 4,067,264</u>

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default.

- a) Payment of principal or redemption premium is not made when due;
- b) Payment of interest is not made when due;
- c) Defaults in the performance or observation of any of the other covenants, agreements, or conditions set forth in the Indenture or Bond Resolution, and failure to remedy after notice;
- d) Filing of petition under federal bankruptcy laws.

Acceleration of the bonds shall not be remedy for an Event of Default.

Authorized Debt

On November 4, 2003, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$24,592,200 at an interest rate not to exceed 18% per annum. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	Authorized November 4, 2003 Election	Authorization Used, Series 2006	Authorization Used, Series 2010	Authorization Used, Series 2016	Remaining at December 31, 2021
Street Improvements	\$ 4,500,000	\$ 1,870,000	\$ 248,474	\$ -	\$ 2,381,526
Traffic and Safety Controls	500,000	20,000	-	-	480,000
Water Supply	1,546,000	905,000	133,093	-	507,907
Sanitary Sewer	3,330,000	1,120,000	118,433	-	2,091,567
Parks and Recreational Facilities	1,000,100	-	-	-	1,000,100
Public Transportation System	750,000	-	-	-	750,000
Television Relay and Translation System	520,000	-	-	-	520,000
Mosquito Control	100,000	-	-	-	100,000
Operations and Maintenance	100,000	-	-	-	100,000
Bond Refunding	12,246,100	-	-	3,715,000	8,531,100
Total	<u>\$ 24,592,200</u>	<u>\$ 3,915,000</u>	<u>\$ 500,000</u>	<u>\$ 3,715,000</u>	<u>\$ 16,462,200</u>

The service plan limits the District's debt service to a maximum mill levy of 50.000 mills provided, however, that in the event the method of calculating the assessed valuation is changed after the date of the approved service plan, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes.

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.

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 of \$101,254.

Restricted assets include net position 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's restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 5,700
Debt Service	493,348
Total Restricted Net Position	<u>\$ 499,048</u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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, public officials' liability, and workers compensation 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.

**RIVER OAKS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 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.

On November 7, 2006, District voters authorized the District to increase property taxes \$750,000 annually, without limitation to rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, 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 legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**RIVER OAKS METROPOLITAN DISTRICT
DEBT SERVICE 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			
Property Taxes	\$ 360,588	\$ 359,858	\$ (730)
Specific Ownership Taxes	25,240	29,908	4,668
Net Investment Income	2,200	402	(1,798)
Total Revenues	<u>388,028</u>	<u>390,168</u>	<u>2,140</u>
EXPENDITURES			
Current:			
County Treasurer's Fees	5,409	5,401	8
Contingency	3,541	-	3,541
Debt Service:			
Bond Principal - 2016	135,000	135,000	-
Bond Interest - 2016	131,050	131,050	-
Paying Agent Fees	3,000	2,500	500
Total Expenditures	<u>278,000</u>	<u>273,951</u>	<u>4,049</u>
NET CHANGE IN FUND BALANCE	110,028	116,217	6,189
Fund Balance - Beginning of Year	<u>386,938</u>	<u>387,602</u>	<u>664</u>
FUND BALANCE - END OF YEAR	<u>\$ 496,966</u>	<u>\$ 503,819</u>	<u>\$ 6,853</u>

OTHER INFORMATION

**RIVER OAKS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$3,715,000 General Obligation Bonds Series 2016 Dated November 4, 2016 Principal Due December 1 Interest Rate 4.00% - 4.25% Payable June 1 and December 1			
Year Ended December 31,	Principal	Interest	Total
2022	\$ 150,000	\$ 125,650	\$ 275,650
2023	155,000	119,650	274,650
2024	165,000	113,450	278,450
2025	170,000	106,850	276,850
2026	185,000	100,050	285,050
2027	190,000	92,650	282,650
2028	205,000	84,575	289,575
2029	215,000	75,863	290,863
2030	230,000	66,725	296,725
2031	240,000	56,950	296,950
2032	255,000	46,750	301,750
2033	265,000	35,913	300,913
2034	285,000	24,650	309,650
2035	295,000	12,538	307,538
Total	\$ 3,005,000	\$ 1,062,264	\$ 4,067,264

The Series 2016 Bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2026, with no redemption premium.

**RIVER OAKS 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 Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt Service	Levied	Collected	
2017	\$ 7,471,050	17.000	35.000	\$ 388,495	\$ 388,494	100.00 %
2018	8,819,980	17.000	35.000	458,639	458,639	100.00
2019	8,831,170	17.000	35.000	459,221	459,221	100.00
2020	10,248,660	17.000	35.000	532,930	532,930	100.00
2021	10,302,500	17.000	35.000	535,730	534,645	99.80
Estimated for the Year Ending December 31, 2022	\$ 10,854,680	17.000	35.000	\$ 564,443		

**RIVER OAKS METROPOLITAN DISTRICT
INDEX OF LIMITED OFFERING MEMORANDUM TABLES
DECEMBER 31, 2021**

History of Assessed Valuations and Mill Levies for the District – see page 22

Property Tax Collections in the District – see page 22

Assessed Valuation of Classes of Property in the District

2021 Assessed Valuation of Classes of Property in the District

<u>Property Class</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Residential	\$ 10,634,380	98.0 %
State Assessed	5,890	0.1
Personal Property	214,400	1.9
Vacant	10	0.0
Total	<u>\$ 10,854,680</u>	<u>100.0 %</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance – General Fund – see page 6