

VENTANA METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ventana Metropolitan District
Fountain, Colorado

Summary of Opinions

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

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Qualified
General fund	Unmodified
Debt service fund	Unmodified
Capital projects fund	Unmodified

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District as of December 31, 2021, 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 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.

Matter Giving Rise to Qualified Opinion

The District was unable to provide sufficient evidence supporting the balances of construction in progress; developer advances and accrued interest payable; and the amount of interest expense.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

BiggsKofford, P.C.

Colorado Springs, Colorado
June 13, 2022

BASIC FINANCIAL STATEMENTS

VENTANA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash and investments - restricted	\$ 762,863
Receivable from County Treasurer	3,388
Accounts receivable	4,394
Property taxes receivable	482,813
Due from developer	32,742
Capital assets:	
Capital assets, net	2,677,665
 Total assets	 3,963,865
<u>LIABILITIES</u>	
Accounts payable	23,158
Refundable property taxes	18,468
Noncurrent liabilities:	
Due within one year	2,062,211
Due in more than one year	5,066,365
 Total liabilities	 7,170,202
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned recreation dues	22,330
Deferred property tax revenues	482,813
 Total deferred inflows of resources	 505,143
<u>NET POSITION</u>	
Net investments in capital assets	(597)
Restricted for:	
Capital projects	398,292
Debt service	380,322
Emergency reserve	12,900
Unrestricted	(4,502,397)
 Total net position	 \$ (3,711,480)

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

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS					
<u>PRIMARY GOVERNMENT</u>					
General government	\$ 2,945,633	\$ 344,776	\$ -	\$ -	\$ (2,600,857)
Interest and related costs on long-term debt	454,601	-	-	-	(454,601)
Total governmental activities	\$ 3,400,234	\$ 344,776	\$ -	\$ -	(3,055,458)
<u>GENERAL REVENUES</u>					
Property taxes					357,710
Specific ownership taxes					42,928
Other income					5,320
Total general revenues					405,958
Changes in net position					(2,649,500)
Net position, beginning of year					(1,061,980)
Net position, end of year					\$ (3,711,480)

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

**VENTANA METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments - restricted	\$ 19,709	\$ 377,604	\$ 365,550	\$ 762,863
Receivable from County Treasurer	670	2,718	-	3,388
Accounts receivable	4,394	-	-	4,394
Property taxes receivable	95,495	387,318	-	482,813
Due from developer	-	-	32,742	32,742
Total assets	<u>\$ 120,268</u>	<u>\$ 767,640</u>	<u>\$ 398,292</u>	<u>1,286,200</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 23,158	\$ -	\$ -	23,158
Refundable property taxes	18,468	-	-	18,468
Unearned recreation dues	22,330	-	-	22,330
Total liabilities	<u>63,956</u>	<u>-</u>	<u>-</u>	<u>63,956</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenues	95,495	387,318	-	482,813
Total deferred inflows of resources	<u>95,495</u>	<u>387,318</u>	<u>-</u>	<u>482,813</u>
<u>FUND BALANCES</u>				
Restricted for:				
Capital projects	-	-	398,292	398,292
Debt service	-	380,322	-	380,322
Emergency reserve	12,900	-	-	12,900
Unassigned:				
General government	(52,083)	-	-	(52,083)
Total fund balances	<u>(39,183)</u>	<u>380,322</u>	<u>398,292</u>	<u>739,431</u>
Total liabilities and fund balances	<u>\$ 120,268</u>	<u>\$ 767,640</u>	<u>\$ 398,292</u>	

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

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds:

Capital assets, net	2,677,665
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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:

Bond anticipation notes and loans payable	(7,128,576)
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Net position of governmental activities	<u>\$ (3,711,480)</u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

VENTANA METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 70,751	\$ 286,959	\$ -	\$ 357,710
Specific ownership taxes	8,491	34,437	-	42,928
Park permit fees	-	-	4,832	4,832
Recreation dues	278,544	-	-	278,544
Trash service fees	61,400	-	-	61,400
Other income	5,320	-	-	5,320
Total revenues	424,506	321,396	4,832	750,734
EXPENDITURES				
Accounting and audit	8,400	-	-	8,400
Cleaning services	17,253	-	-	17,253
County Treasurer's fees	1,085	4,400	-	5,485
Insurance	14,434	-	-	14,434
Landscaping and maintenance	92,653	-	-	92,653
Legal	11,422	17,699	-	29,121
Management fees	28,355	-	-	28,355
Other	42,957	-	-	42,957
Repairs and maintenance	4,512	-	-	4,512
Security	12,365	-	-	12,365
Summer operations	38,691	-	-	38,691
Supplies	1,123	-	-	1,123
Trash service	55,192	-	-	55,192
Utilities	98,581	-	-	98,581
Debt service:				
Bond formation costs	-	1,921	-	1,921
Capital projects:				
Capital outlay	-	-	18,281	18,281
Total expenditures	427,023	24,020	18,281	469,324
Excess of revenues over (under) expenditures	(2,517)	297,376	(13,449)	281,410
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	191,061	-	(191,061)	-
Total other financing sources (uses)	191,061	-	(191,061)	-
Net change in fund balances	188,544	297,376	(204,510)	281,410
Fund balances, beginning of year	(234,661)	89,880	602,802	458,021
Fund balances, end of year	\$ (46,117)	\$ 387,256	\$ 398,292	\$ 739,431

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

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

Net change in fund balances - governmental funds	\$	281,410
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocations of the cost of any depreciable assets over the estimated useful lives of the assets. The effect of these differences is as follows:

Depreciation expense		(597)
Capital outlay		18,281

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

Accrued interest payable on bond anticipation notes - change in liability		(358,968)
Accrued interest payable on developer advance - change in liability		(95,633)
Capital asset conveyed to other governments		(2,493,993)

Change in net position of governmental activities	\$	(2,649,500)
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The accompanying notes and independent auditor's report
should be read with these financial statements.

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

	Budget		Actual Amounts	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 78,723	\$ 78,206	\$ 70,751	\$ (7,455)
Specific ownership taxes	5,511	9,272	8,491	(781)
Recreation dues	160,000	124,200	278,544	154,344
Trash service fees	68,400	50,000	61,400	11,400
Other income	1,000	3,700	5,320	1,620
Total revenues	313,634	265,378	424,506	159,128
EXPENDITURES				
Accounting and audit	8,300	8,400	8,400	-
Bank charges	50	-	-	-
Cleaning services	16,800	19,172	17,253	1,919
Contingency	10,000	-	-	-
County Treasurer's fees	1,181	1,181	1,085	96
Dues and subscriptions	1,000	725	-	725
Engineering	500	-	-	-
Insurance	12,500	12,500	14,434	(1,934)
Landscaping and maintenance	75,000	75,000	92,653	(17,653)
Legal	37,000	41,000	11,422	29,578
Management fees	27,000	27,000	28,355	(1,355)
Other	-	3,200	42,957	(39,757)
Payroll	50,000	32,512	-	32,512
Repairs and maintenance	10,000	2,255	4,512	(2,257)
Security	12,000	13,872	12,365	1,507
Summer operations	22,750	9,690	38,691	(29,001)
Supplies	15,000	10,105	1,123	8,982
Trash service	50,000	50,000	55,192	(5,192)
Utilities	95,000	95,000	98,581	(3,581)
Total expenditures	444,081	401,612	427,023	(25,411)
Excess of revenues over (under) expenditures	(130,447)	(136,234)	(2,517)	133,717

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

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

	Budget		Actual Amounts	Variance
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Developer advances	98,000	-	-	-
Transfer (to) from other funds	-	90,000	191,061	101,061
Total other financing sources (uses)	-	90,000	191,061	101,061
Net change in fund balance	<u>\$ (130,447)</u>	<u>\$ (46,234)</u>	188,544	<u>\$ 234,778</u>
Fund balance, beginning of year			(234,661)	
Fund balance, end of year			<u>\$ (46,117)</u>	

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

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. DEFINITION OF REPORTING ENTITY

Ventana Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in February 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to provide storm sewer, street improvements, traffic safety protection, parks and recreation, mosquito control, security, trash services, and covenant enforcement/design review services.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

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

Measurement focus, basis of accounting and financial statement position

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are 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. 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:

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

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

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures 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.

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (continued)

The District amended its annual budget for the year ended December 31, 2021.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2021 in the general fund and capital projects fund, which may be a violation of state budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of 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 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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital assets

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets (continued)

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 30 years.

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

Capital assets which are anticipated to be conveyed to other governmental entities are 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.

Deferred inflows of resources

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

Net position

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

Fund balances

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balances (continued)

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

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

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

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

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

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

3. CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments - restricted	<u><u>\$ 762,863</u></u>
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The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2021, are as follows:

Deposits with financial institutions	<u><u>\$ 762,863</u></u>
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See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions

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

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

As of December 31, 2021, the District's cash deposits had a bank balance of \$762,025 and a carrying balance of \$762,863.

Investments

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

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

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

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

Investments (continued)

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

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, is as follows:

	Balance 1/1/21	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/21
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities				
Capital assets, being depreciated:				
Parks and recreation center	\$ -	\$ 2,678,262	\$ -	\$ 2,678,262
Less accumulated depreciation	<u>-</u>	<u>(597)</u>	<u>-</u>	<u>(597)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 2,677,665</u>	<u>\$ -</u>	<u>\$ 2,677,665</u>
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 5,153,974</u>	<u>\$ -</u>	<u>\$ (5,153,974)</u>	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2021, totaled \$597.

Capital assets conveyed to the County for the year ended December 31, 2021, totaled \$2,493,993.

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District during the year ended December 31, 2021:

	<u>Balance 1/1/21</u>	<u>Additions</u>	<u>Repayments/ Defeasance</u>	<u>Balance 12/31/21</u>	<u>Due within one year</u>
Direct placements					
Bond anticipation notes payable	\$ 4,464,400	\$ -	\$ -	\$ 4,464,400	\$ 1,450,400
Accrued interest:					
Bond anticipation notes payable	<u>704,144</u>	<u>358,968</u>	<u>-</u>	<u>1,063,112</u>	<u>611,811</u>
Subtotal	<u>5,168,544</u>	<u>358,968</u>	<u>-</u>	<u>5,527,512</u>	<u>2,062,211</u>
Other debt					
Developer advance - Capital	738,692	-	-	738,692	-
Accrued interest:					
Developer advance - Capital	<u>766,739</u>	<u>95,633</u>	<u>-</u>	<u>862,372</u>	<u>-</u>
Subtotal	<u>1,505,431</u>	<u>95,633</u>	<u>-</u>	<u>1,601,064</u>	<u>-</u>
Total long-term obligations	<u><u>\$ 6,673,975</u></u>	<u><u>\$ 454,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,128,576</u></u>	<u><u>\$ 2,062,211</u></u>

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Bond anticipation notes payable

On December 3, 2015, the District entered into an agreement with CH Metrobonds, LLC, a developer. The developer has agreed to advance funds to the District for construction of certified eligible public improvements within the boundaries of the District. The advances will be evidenced by subordinated promissory notes bearing interest at a rate of 8.00% per annum with each draw maturing five years from the draw date and subject to redemption prior to maturity upon the District's issuance of general obligation or revenue bonds or from any legally available revenues available to the District. In the event the notes are not repaid by the maturity dates they will continue to accrue interest. As of December 31, 2021, draws were as follows:

<u>Draw Date</u>	<u>Maturity Date</u>	<u>Amount</u>
12/07/2015	12/06/2020	\$ 450,450
02/03/2017	02/02/2022	999,950
09/18/2018	09/17/2023	<u>3,014,000</u>
		<u>\$ 4,464,400</u>

Developer advances

The District entered into a reimbursement agreement with Old Pueblo Road Investment Company, LLC, a developer, under which the District agreed to reimburse the developer for the cost of formation and railroad crossing improvements that benefit the District and development within the District. The District agreed to repay such advances plus accrued interest at 8.00% per annum, compounding annually. Principal and interest are due at the District's discretion and depending on the availability of revenues. As of December 31, 2021, the outstanding developer advance totaled \$738,692 and accrued interest related to the developer advance totaled \$862,372.

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. NET POSITION

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

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

As of December 31, 2021, the District had net position invested in capital assets, net of related debt as follows:

Invested in capital assets, net of related debt:	
Capital assets	\$ 2,677,665
Related long-term obligations	<u>(2,678,262)</u>
Invested in capital assets, net of related debt	<u><u>\$ (597)</u></u>

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

Restricted net position:	
Capital projects (Note 4)	\$ 398,292
Debt service (Note 5)	380,322
Emergency reserve (Note 10)	<u>12,900</u>
	<u><u>\$ 791,514</u></u>

The District's unrestricted net position as of December 31, 2021, totaled a deficit of \$4,502,397.

7. RELATED PARTIES

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational and capital expenditures and meet debt service requirements. Until an independent revenue base is established, continuation of operations in the District and construction of public improvements will be dependent upon funding by developer contributions or the issuance of debt.

9. RISK MANAGEMENT

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

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

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

10. TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

See independent auditor's report.

VENTANA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

10. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

11. RESTATEMENT

The District restated its net position as of January 1, 2021, for its governmental activities and general fund balance related to an adjustment to account for recreation dues, property taxes, and trash service fees in the proper period.

	Governmental Activities	General Fund
Net position, as originally stated	\$ (906,386)	\$ (79,067)
Adjustment for recreation dues	(152,292)	(152,292)
Adjustment for property taxes	(10,463)	(10,463)
Adjustment for trash service fees	7,161	7,161
Net position, as restated, as of January 1, 2021	\$ (1,061,980)	\$ (234,661)

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

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

	Budget		Actual Amounts	Variance
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 286,823	\$ 286,861	\$ 286,959	\$ 98
Specific ownership taxes	20,078	33,781	34,437	656
Total revenues	306,901	320,642	321,396	754
<u>EXPENDITURES</u>				
Bond anticipation note repayment	5,500,000	5,500,000	-	5,500,000
Bond issuance costs	475,000	475,000	1,921	473,079
Interest expense	225,000	225,000	-	225,000
Legal	-	9,797	17,699	(7,902)
Treasurer's fees	-	4,302	4,400	(98)
Total expenditures	6,200,000	6,214,099	24,020	6,190,079
Excess of revenues over (under) expenditures	(5,893,099)	(5,893,457)	297,376	(6,189,325)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond issuance proceeds	9,360,000	9,360,000	-	(9,360,000)
Reimbursement repayment	(1,250,000)	(1,250,000)	-	1,250,000
Transfers (to) from other funds	(1,225,000)	(1,225,000)	-	1,225,000
Total other financing sources (uses)	6,885,000	6,885,000	-	(6,885,000)
Net change in fund balance	\$ 991,901	\$ 991,543	297,376	\$ (694,167)
Fund balance, beginning of year			89,880	
Fund balance, end of year			\$ 387,256	

See independent auditor's report.

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

	Budget		Actual Amounts	Variance
	Original	Final		
<u>REVENUES</u>				
Park permit fees	\$ 72,360	\$ 4,831	\$ 4,832	\$ 1
Total revenues	72,360	4,831	4,832	1
<u>EXPENDITURES</u>				
Capital outlay	1,000,000	13,344	18,281	(4,937)
Total expenditures	1,000,000	13,344	18,281	(4,937)
Excess of revenues over (under) expenditures	(927,640)	(8,513)	(13,449)	(4,936)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond issuance proceeds	1,225,000	-	-	-
Transfer (to) from other funds	-	-	(191,061)	(191,061)
Total other financing sources (uses)	1,225,000	-	(191,061)	(191,061)
Net change in fund balance	<u>\$ 297,360</u>	<u>\$ (8,513)</u>	(204,510)	<u>\$ (195,997)</u>
Fund balance, beginning of year			602,802	
Fund balance, end of year			<u>\$ 398,292</u>	

See independent auditor's report.