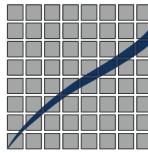


**COLORADO CROSSING
METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021**

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Colorado Crossing Metropolitan District No. 1

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado Crossing Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 27, 2022

BASIC FINANCIAL STATEMENTS

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 2,418
Cash and Investments - Restricted	445,352
Due From Other Districts	878
Prepaid Expense	6,433
Property Taxes Receivable	7
Capital Assets, Not Being Depreciated	<u>32,499,679</u>
Total Assets	<u>32,954,767</u>
LIABILITIES	
Accounts Payable	60,200
Due to Other Districts	428,359
Noncurrent Liabilities	
Due in More Than One Year	<u>905,941</u>
Total Liabilities	<u>1,394,500</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>7</u>
Total Deferred Inflows of Resources	<u>7</u>
NET POSITION	
Restricted for:	
Emergency Reserve	5,000
Unrestricted	<u>31,555,260</u>
Total Net Position	<u><u>\$ 31,560,260</u></u>

See accompanying Notes to Basic Financial Statements.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 456,798	\$ -	\$ 165,067	\$ -	\$ (291,731)
Interest and Related Costs on Long-Term Debt	<u>234,713</u>	<u>-</u>	<u>-</u>	<u>19,997,717</u>	<u>19,763,004</u>
Total Governmental Activities	<u>\$ 691,511</u>	<u>\$ -</u>	<u>\$ 165,067</u>	<u>\$ 19,997,717</u>	19,471,273
GENERAL REVENUES					
Property Taxes					2
Public Improvement Fees					<u>160,416</u>
Total General Revenues					<u>160,418</u>
CHANGE IN NET POSITION					19,631,691
Net Position - Beginning of Year					<u>11,928,569</u>
NET POSITION - END OF YEAR					<u>\$ 31,560,260</u>

See accompanying Notes to Basic Financial Statements.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,418	\$ -	\$ -	\$ 2,418
Cash and Investments - Restricted	5,000	440,352	-	445,352
Due From District No. 2	188	-	-	188
Due From District No. 3	690	-	-	690
Prepaid Expense	6,433	-	-	6,433
Property Taxes Receivable	2	5	-	7
Total Assets	<u>\$ 14,731</u>	<u>\$ 440,357</u>	<u>\$ -</u>	<u>\$ 455,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 48,207	\$ 11,993	\$ -	\$ 60,200
Due to District 2	-	428,359	-	428,359
Total Liabilities	<u>48,207</u>	<u>440,352</u>	<u>-</u>	<u>488,559</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	<u>2</u>	<u>5</u>	<u>-</u>	<u>7</u>
Total Deferred Inflows or Resources	<u>2</u>	<u>5</u>	<u>-</u>	<u>7</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	6,433	-	-	6,433
Restricted:				
Emergency Reserves	5,000	-	-	5,000
Unassigned:				
General Government	(44,911)	-	-	(44,911)
Total Fund Balances	<u>(33,478)</u>	<u>-</u>	<u>-</u>	<u>(33,478)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,731</u>	<u>\$ 440,357</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

32,499,679

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

Developer Advances Payable

(823,460)

Developer Advance Interest Payable

(82,481)

Net Position of Governmental Activities

\$ 31,560,260

See accompanying Notes to Basic Financial Statements.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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				
Intergovernmental Revenue - District No. 2	\$ 21,200	\$ -	\$ 19,997,717	\$ 20,018,917
Intergovernmental Revenue - District No. 3	84,120	-	-	84,120
Property Taxes	1	1	-	2
Public Improvement Fees (PIF)	-	160,416	-	160,416
PILOT - Annual Operations Fee	1,643	-	-	1,643
INO Parking Fees	58,104	-	-	58,104
Total Revenues	165,068	160,417	19,997,717	20,323,202
EXPENDITURES				
Current:				
Accounting	49,698	-	-	49,698
Audit	11,150	-	-	11,150
Dues	2,450	-	-	2,450
Insurance	33,800	-	-	33,800
District Management	36,764	-	-	36,764
Legal	39,339	-	-	39,339
Miscellaneous	904	-	-	904
Engineering	8,735	-	-	8,735
Security	77,826	-	-	77,826
Repairs and Maintenance	28,263	-	-	28,263
Landscaping	24,338	-	-	24,338
Utilities	54,214	-	-	54,214
Snow Removal	69,782	-	-	69,782
Elevator - Inspections and Repairs	12,084	-	-	12,084
Parking Garage - Repairs and Maintenance	7,451	-	-	7,451
PIF Collection Fees	-	3,270	-	3,270
Debt Service	-	-	-	-
Transfer To District No. 2 - Series 2020A-1 - PIF	-	72,916	-	72,916
Transfer To District No. 2 - Series 2020A-1 - Taxes	-	3	-	3
Transfer To District No. 2 - Series 2020A-2/B-2 - PIF	-	84,231	-	84,231
Capital Outlay	-	-	10,835,036	10,835,036
Total Expenditures	456,798	160,420	10,835,036	11,452,254
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(291,730)	(3)	9,162,681	8,870,948
OTHER FINANCING SOURCES (USES)				
Developer Advance	389,000	-	10,835,036	11,224,036
Repayment of Developer Advance	-	-	(19,997,717)	(19,997,717)
Total Other Financing Sources (Uses)	389,000	-	(9,162,681)	(8,773,681)
NET CHANGE IN FUND BALANCES	97,270	(3)	-	97,267
Fund Balances - Beginning of Year	(130,748)	3	-	(130,745)
FUND BALANCES - END OF YEAR	<u>\$ (33,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,478)</u>

See accompanying Notes to Basic Financial Statements.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ 97,267
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.	
Capital Outlay	10,835,036
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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Developer Advance	(11,224,036)
Repayment of Developer Advance - Principal	18,518,835
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.	
Developer Advance Interest Payable - Change in Liability	<u>1,404,589</u>
Change in Net Position of Governmental Activities	<u><u>\$ 19,631,691</u></u>

See accompanying Notes to Basic Financial Statements.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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	\$ 1	\$ 1	\$ -
Intergovernmental Revenue - District No. 2	20,647	21,200	553
Intergovernmental Revenue - District No. 3	80,151	84,120	3,969
PILOT - Annual Operations Fee	1,643	1,643	-
INO Parking Fees	-	58,104	58,104
Total Revenues	102,442	165,068	62,626
EXPENDITURES			
Accounting	55,000	49,698	5,302
Audit	14,000	11,150	2,850
Contingency	7,000	-	7,000
Dues	2,000	2,450	(450)
Insurance	40,000	33,800	6,200
District Management	30,000	36,764	(6,764)
Legal	65,000	39,339	25,661
Miscellaneous	1,000	904	96
Repairs and Maintenance	28,000	28,263	(263)
Landscaping	28,000	24,338	3,662
Security	20,000	77,826	(57,826)
Engineering	-	8,735	(8,735)
Utilities	60,000	54,214	5,786
Snow Removal	60,000	69,782	(9,782)
Elevator - Inspections and Repairs	20,000	12,084	7,916
Parking Garage - Repairs and Maintenance	20,000	7,451	12,549
Parking Garage - Snow Removal	35,000	-	35,000
Parking Garage - Porter Services	5,000	-	5,000
Parking Garage - Sweeping	10,000	-	10,000
Parking Garage - Utilities	15,000	-	15,000
Total Expenditures	515,000	456,798	58,202
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(412,558)	(291,730)	120,828
OTHER FINANCING SOURCES (USES)			
Developer Advance	412,658	389,000	(23,658)
Total Other Financing Sources (Uses)	412,658	389,000	(23,658)
NET CHANGE IN FUND BALANCE	100	97,270	97,170
Fund Balance - Beginning of Year	3,000	(130,748)	(133,748)
FUND BALANCE - END OF YEAR	<u>\$ 3,100</u>	<u>\$ (33,478)</u>	<u>\$ (36,578)</u>

See accompanying Notes to Basic Financial Statements.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Colorado Crossing Metropolitan District No. 1 (the District or District No. 1), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of El Paso County, Colorado, recorded on December 5, 2006, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with two other related districts, Colorado Crossing Metropolitan District No. 2 (District No. 2), and Colorado Crossing Metropolitan District No. 3 (District No. 3, together with the District and District No. 2, the Districts). The Districts operate under a Consolidated Service Plan which was approved by the City Council of the City of Colorado Springs (the City) on August 22, 2006, as amended by that First Amendment to the Consolidated Service Plan approved by the City on October 25, 2016, by that Second Amendment to the Consolidated Service Plan approved by the City on December 11, 2018, and by that Third Amendment to the Consolidated Service Plan approved by the City on November 10, 2020 (the Service Plan). The Districts' service area is located entirely within the City. District No. 1 will own (subject to dedication of improvements to the City), operate, maintain, and construct facilities benefiting all three Districts, and District No. 2 and District No. 3 will contribute to the costs of construction, operation, and maintenance of such facilities. The District was established to provide the following services: parks and recreation, sanitary sewer, storm drainage, streets, traffic and safety protection, water, mosquito control, and television relay and transportation systems, and all other powers under the Special District Act, subject to limitations in the Service Plan.

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.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 taxes and intergovernmental revenues.

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

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 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 and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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 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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and 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's budget for the year ended December 31, 2021, was amended.

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 and investments.

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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 property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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.

Deferred Inflow 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.

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:

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (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 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 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	\$ 2,418
Cash and Investments - Restricted	<u>445,352</u>
Total Cash and Investments	<u><u>\$ 447,770</u></u>

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

Deposits with Financial Institutions	<u>\$ 447,770</u>
Total Cash and Investments	<u><u>\$ 447,770</u></u>

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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 \$481,002 and a carrying balance of \$447,770.

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 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

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

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Construction in Progress	\$ 21,664,643	\$ 10,835,036	\$ -	\$ 32,499,679
Total Capital Assets	<u>\$ 21,664,643</u>	<u>\$ 10,835,036</u>	<u>\$ -</u>	<u>\$ 32,499,679</u>

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Developer Advances - Capital (FFAA)	\$ 7,683,799	\$ 10,835,036	\$ 18,518,835	\$ -	\$ -
Developer Advances - Operations (OFA)	434,460	389,000	-	823,460	-
Developer Advances Interest - Capital (FFAA)	1,456,432	22,450	1,478,882	-	-
Developer Advances Interest - Operations (OFA)	30,638	51,843	-	82,481	-
Total	<u>\$ 9,605,329</u>	<u>\$ 11,298,329</u>	<u>\$ 19,997,717</u>	<u>\$ 905,941</u>	<u>\$ -</u>

Facilities Funding and Acquisition Agreement

On October 10, 2016, the District entered into a Facilities Funding and Acquisition Agreement (FFAA), amended by that First Amendment dated December 7, 2020, and that Second Amendment dated November 18, 2021, with Interquest Westside LLC (the Developer) whereby the District agrees to reimburse the Developer for construction related expenses and to acquire public improvements constructed by the Developer. The agreement also acknowledges that the District will reimburse the Developer for previously installed public improvements. The District and Developer agree that prior to acquisition of any public improvements by the District, the District will obtain a certification of an independent engineer that the prior expenses are reasonable and comparable for similar costs in the community, and verification from the District accountant that the prior expenses and construction related expenses are reimbursable (Verified Costs). The Developer agrees to advance funds up to \$28,000,000. The agreement states simple interest will accrue at the rate of 8.0% from the date of deposit (on Developer Advance), from the organization date (on Verified Costs incurred prior to the District's organization), and from the date costs were incurred by the Developer (on Verified Costs). Payments made by the District will be applied first to accrued and unpaid interest and then to any principal amount due.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Facilities Funding and Acquisition Agreement (Continued)

The First Amendment to the FFAA, dated December 7, 2020, acknowledges that in connection with the construction of public improvements, the District will incur an anticipated shortfall in construction related expenses. In addition, for construction related expenses, 8% simple interest shall accrue on each Developer Advance, from the date of deposit into the District's account, and on Verified Costs, from the date accepted by the District.

The outstanding balance under this agreement at December 31, 2021, is \$-0-.

Operation Funding Agreement

On October 5, 2016, the District and the Developer entered into an Operation Funding Agreement, as amended by that certain First Amendment to Operation Funding Agreement dated December 5, 2016, that certain Second Amendment to Operation Funding Agreement dated October 22, 2018, that Third Amendment to Operation Funding Agreement dated December 2, 2019, that Fourth Amendment to Operation Funding Agreement dated December 7, 2020, and that Fifth Amendment to Operations Funding Agreement dated November 18, 2021 (OFA). The Developer agrees to advance funds up to \$1,150,000 to the District for operations and maintenance expenses. Advances under this agreement would accrue interest at a rate of 8% from the date of deposit into the District's account until date of repayment. On December 2 each year, any reimbursement/repayment would be applied first to accrued interest and then towards principal.

The outstanding balance under this agreement at December 31, 2021 is \$905,941, of which \$823,460 is principal and \$82,481 is accrued interest.

Authorized Debt

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 8, 2016 Election	Authorization Used for Series 2017 Bonds	Authorization Used for Series 2020A-2 and Series 2020B-2 Bonds	Authorized But Unissued
Street	\$ 35,000,000	\$ 6,616,283	\$ 20,567,943	\$ 7,815,774
Park and Recreation	35,000,000	-	2,843,159	32,156,841
Water	35,000,000	699,940	3,499,272	30,800,788
Sanitation	35,000,000	1,479,616	1,632,994	31,887,390
Transportation	35,000,000	5,985,161	15,610,641	13,404,198
Safety Protection	35,000,000	-	4,446,991	30,553,009
TV Relay	35,000,000	-	-	35,000,000
Operations	35,000,000	-	-	35,000,000
Refunding	35,000,000	-	9,016,000	25,984,000
District IGA's	35,000,000	-	-	35,000,000
Total	<u>\$ 350,000,000</u>	<u>\$ 14,781,000</u>	<u>\$ 57,617,000</u>	<u>\$ 277,602,000</u>

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Pursuant to the Service Plan, approved on August 22, 2006 and amended on October 25, 2016, December 11, 2018, and November 10, 2020, the District can issue bond indebtedness of up to \$35,000,000. In addition, the maximum residential debt service mill levy for the District is 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. The maximum commercial debt service mill levy for the District is 50.000 mills.

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.

NOTE 6 NET POSITION

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

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 a restricted net position as of December 31, 2021, as follows:

Restricted Net Position:

Emergency Reserves	\$ 5,000
Total Restricted Net Position	<u>\$ 5,000</u>

The District's unrestricted net position as of December 31, 2021, is \$31,555,260.

NOTE 7 RELATED PARTIES

The Developers of the property which constitute the District are Interquest Westside LLC, a Delaware limited liability company. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

Intergovernmental Agreement

On November 28, 2007, the Districts entered into an Intergovernmental Agreement (Original Agreement). The Original Agreement provided that the District (Operating District) would provide for the construction, design, operation, and maintenance of the public improvements, as well as the overall administration of the Districts.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement (Continued)

On July 11, 2017, an Amended and Restated Intergovernmental Agreement (Amended IGA) was entered into by the Districts for the purpose of establishing the Operating District's responsibility for coordinating the construction, design, financing, and operation and maintenance of the public improvements that benefit the Districts and establish District No. 2 and District No. 3's (Financing Districts) obligation to pay for the services and benefits of the public improvements provided by the Operating District.

The Operating District is responsible for providing all administration services and project management services of the Districts, as well as supervising the construction and acquisition of public improvements, paying project costs or bond requirements from pledged revenue, consulting with the Financing Districts regarding budget process, requesting Developer Advances as needed, and other items outlined in the Amended IGA.

Operations Pledge Agreement

On July 11, 2017, the District (Operating District), and District No. 2 and District No. 3 (Financing Districts) entered into an Operations Pledge Agreement (OPA). Pursuant to the OPA, the Financing Districts agree to the imposition of an ad valorem mill levy upon all taxable property within its boundaries to generate tax revenues in amount sufficient to fund their Allocated Management Costs for the purpose of paying operations and maintenance expenses of the Districts, not to exceed 10 mills. Net revenues generated by the Financing Districts from such mill levy will be transferred to the District.

PIF Agreement

On July 11, 2017, the District entered into an Agreement for Collection of Public Improvement Fees (PIF Agreement) with UMB Bank, N.A. and CliftonLarsonAllen LLP. PIF revenues collected by the District are assigned and pledged to District No. 2 to provide additional security for the 2017 Bonds issued by District No. 2. The PIF rate applicable to PIF sales will be determined by the District but will not exceed 2.0%. PIF sales means any of the following within any portion of the PIF property: (a) transactions upon which sales tax is payable, (b) transactions upon which theatre tax is payable, and (c) any transaction pursuant to the terms of the PIF guideline.

Inclusion Agreement

On July 11, 2017, the District, District No. 2, and Interquest Westside LLC (Owner) entered into an Inclusion Agreement where the Owner agrees to execute one or more covenants to encumber Future Commercial Property located in the Financing Districts to require a payment in lieu of taxes (PILOT Covenant).

Pledge Agreements

The District has entered into the Capital Pledge Agreement (A-1) (the 2020A-1 Pledge Agreement) with District No. 2 and District No. 3, whereby both the District and District No. 3 have pledged certain revenues to District No. 2 for the repayment of its 2020A-1 Bonds and any Additional Obligations.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 AGREEMENTS (CONTINUED)

Pledge Agreements (Continued)

The District also entered into the Capital Pledge Agreement (A-2/B-2) (the 2020A-2/B-2 Pledge Agreement) with District No. 2 and District No. 3 to pledge certain revenues to District No. 2 for the repayment of its 2020A-2 Senior Bonds and 2020B-2 Subordinate Bonds and any Additional Obligations that may be issued in the future. 2020A-2/B-2 Pledge Agreement Revenue does not include any revenue collected from within the Excluded Property discussed below.

Exclusion Agreement

On February 8, 2019, the District, District No. 2, District No. 3, (collectively, the Districts), Interquest Westside, LLC, a Delaware limited liability company (Interquest); and In-N-Out Burgers, a California corporation (INO) entered into the Exclusion Agreement pursuant to which certain real property to be acquired by INO would be excluded from the geographic boundaries of the Districts (the Excluded Property). Upon such exclusion, the Excluded Property would no longer be subject to or obligated to pay the operating levies of the Districts, however, notwithstanding such exclusion: (a) the Excluded Property remained subject to and obligated to pay the mill levies associated with the 2017 Bonds and any Refunding Bonds (as such terms are defined the Exclusion Agreement); (b) certain portions of the Excluded Property is subject to, and INO is required to make payment for (as applicable), the "Operations Annual Fee", the "Public Improvements Fee", and amounts due under the "PIF Covenants", all as such terms are defined in, and subject to the terms and conditions of, the Exclusion Agreement.

Pursuant to the Exclusion Agreement, a one-time fee of \$166,590 was paid to the District in 2019 to offset and as evidence of the net present value of the operations expenses anticipated to be incurred by the Districts in providing operations services to the facility property.

The Excluded Property remains subject to taxation by the Districts pursuant to the indenture of trust and pledge agreements executed in 2017 in connection with the issuance by District No. 2 of its Series 2017 Bonds and any refundings thereof. Accordingly, the Excluded Property will be subject to taxation to pay debt service on the 2020A-1 Bonds issued by District No. 2 in December 2020.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of losses 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 an 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 the past three fiscal years.

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability 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 need for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 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.

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 8, 2016, the District voters passed an election question allowing the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-2-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend, or retain all revenue without regard to any limitations under TABOR.

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

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes - Series 2020A-2/B-2	\$ 1	\$ 1	\$ 1	\$ -
Public Improvement Fees (PIF)	64,309	160,996	160,416	(580)
Total Revenues	64,310	160,997	160,417	(580)
EXPENDITURES				
PIF Collection Fees	1,930	3,270	3,270	-
Transfer To District No. 2 - Series 2020A-1 - Taxes	3	3	3	-
Transfer To District No. 2 - Series 2020A-1 - PIF	28,944	72,916	72,916	-
Transfer To District No. 2 - Series 2020A-2/B-2 - Taxes	1	1	-	1
Transfer To District No. 2 - Series 2020A-2/B-2 - PIF	33,435	84,231	84,231	-
Contingency	-	579	-	579
Total Expenditures	64,313	161,000	160,420	580
NET CHANGE IN FUND BALANCE	(3)	(3)	(3)	-
Fund Balance - Beginning of Year	3	3	3	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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			
Intergovernmental Revenue - District 2	\$ 27,085,734	\$ 19,997,717	\$ (7,088,017)
Total Revenues	<u>27,085,734</u>	<u>19,997,717</u>	<u>(7,088,017)</u>
EXPENDITURES			
Accounting	5,000	-	5,000
Legal	5,000	-	5,000
Engineer/Cost Verification	22,000	-	22,000
Capital Outlay	<u>15,000,000</u>	<u>10,835,036</u>	<u>4,164,964</u>
Total Expenditures	<u>15,032,000</u>	<u>10,835,036</u>	<u>4,196,964</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,053,734</u>	<u>9,162,681</u>	<u>(2,891,053)</u>
OTHER FINANCING SOURCES (USES)			
Developer Advance	15,000,000	10,835,036	(4,164,964)
Repayment of Developer Advance	<u>(27,053,734)</u>	<u>(19,997,717)</u>	<u>7,056,017</u>
Total Other Financing Sources (Uses)	<u>(12,053,734)</u>	<u>(9,162,681)</u>	<u>2,891,053</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

COLORADO CROSSING METROPOLITAN DISTRICT NO. 1
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
			Levied	Collected	
2017	\$ 40	0.000	\$ -	\$ -	- %
2018	40	30.000	1	1	100.00
2019	40	30.000	1	1	100.00
2020	60	28.659	2	2	100.00
2021	60	29.513	2	2	100.00
Estimated for the Year Ending December 31, 2022	\$ 240	29.104	\$ 7		

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