

Skyview Meadows Metropolitan District

Annual Financial Report

December 31, 2021





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Independent Auditor's Report

Members of the Board of Directors
Skyview Meadows Metropolitan District
Weld County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Skyview Meadows Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Skyview Meadows Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyview Meadows Metropolitan 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 Skyview Meadows Metropolitan 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

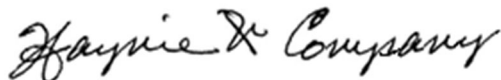
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Skyview Meadows Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 29, 2022

Basic Financial Statements

Skyview Meadows Metropolitan District
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash and Investments	\$ 1,169,943
Cash and Investments - Restricted	6,497
Receivable from County Treasurer	7,349
Property Taxes Receivable	85,546
Prepaid Expenses	<u>2,040</u>
Total Assets	<u>1,271,375</u>
Liabilities	
Accounts Payable	<u>4,587</u>
Total Liabilities	<u>4,587</u>
Deferred Inflows of Resources	
Deferred Property Tax Revenue	<u>85,546</u>
Total Deferred Inflows of Resources	<u>85,546</u>
Net Position	
Restricted For:	
Emergency Reserves	1,300
Debt Service	6,497
Unrestricted	<u>1,173,445</u>
Total Net Position	<u>1,181,242</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 1,271,375</u></u>

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 275,505	\$ -	\$ -	\$ -	\$ (275,505)	\$ (275,505)
Interest and Related Costs on Long-Term Debt	3,022	-	-	-	(3,022)	(3,022)
	<u>\$ 278,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (278,527)</u>	<u>\$ (278,527)</u>
General revenues:						
Property Taxes					90,569	90,569
Specific Ownership Taxes					88,882	88,882
URA Funding					1,309,176	1,309,176
Interest Income					14	14
Total General Revenues and Transfers					<u>1,488,641</u>	<u>1,488,641</u>
Change in Net Position					1,210,114	1,210,114
Net Position - Beginning of Year					(28,872)	(28,872)
Net Position - End of Year					<u>\$ 1,181,242</u>	<u>\$ 1,181,242</u>

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District
Balance Sheet and Reconciliation of Fund Balances to Net Position
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Investments	\$ 1,169,943	\$ -	\$ -	\$ 1,169,943
Cash and Investments - Restricted	-	6,497	-	6,497
Receivable from County Treasurer	7,349	-	-	7,349
Property Taxes Receivable	85,546	-	-	85,546
Prepaid Expense	<u>2,040</u>	<u>-</u>	<u>-</u>	<u>2,040</u>
Total Assets	<u><u>1,264,878</u></u>	<u><u>6,497</u></u>	<u><u>-</u></u>	<u><u>1,271,375</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	<u>4,587</u>	<u>-</u>	<u>-</u>	<u>4,587</u>
Total Liabilities	<u><u>4,587</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,587</u></u>
Deferred Inflows of Resources				
Deferred Property Tax Revenue	<u>85,546</u>	<u>-</u>	<u>-</u>	<u>85,546</u>
Total Deferred Inflows of Resources	<u><u>85,546</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>85,546</u></u>
Fund Balances				
Nonspendable	2,040	-	-	2,040
Restricted For:				
Emergency Reserves	1,300	-	-	1,300
Debt Service	-	6,497	-	6,497
Unassigned	<u>1,171,405</u>	<u>-</u>	<u>-</u>	<u>1,171,405</u>
Total Fund Balances	<u><u>1,174,745</u></u>	<u><u>6,497</u></u>	<u><u>-</u></u>	<u><u>1,181,242</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,264,878</u></u>	<u><u>\$ 6,497</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,271,375</u></u>

There are no reconciling items between the Statement of Net Position and Fund Balance Sheets.

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$ 90,569	\$ -	\$ -	\$ 90,569
Specific Ownership Taxes	88,882	-	-	88,882
Urban Renewal Authority Funding	1,309,176	-	-	1,309,176
Interest Income	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total Revenues	<u>\$ 1,488,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,488,641</u>
Expenditures:				
General and Administrative				
Accounting	12,864	-	-	12,864
Insurance & Bonds	2,346	-	-	2,346
County Treasurer's Fee	1,359	-	-	1,359
Administrative Costs	671	-	-	671
Legal	26,089	-	-	26,089
Capital				
Organization Costs	-	-	204,094	204,094
Engineering	-	-	21,462	21,462
Cost Certification	-	-	6,620	6,620
Debt Service				
Issuance Costs	-	2,187	-	2,187
Developer Advance Interest Payments	1,480	-	-	1,480
Developer Advance Principal	<u>33,944</u>	<u>-</u>	<u>-</u>	<u>33,944</u>
Total Expenditures	<u>78,753</u>	<u>2,187</u>	<u>232,176</u>	<u>313,116</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>1,409,888</u>	<u>(2,187)</u>	<u>(232,176)</u>	<u>1,175,525</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(232,176)</u>	<u>-</u>	<u>232,176</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(232,176)</u>	<u>-</u>	<u>232,176</u>	<u>-</u>
Net Change in Fund Balance	1,177,712	(2,187)	-	1,175,525
Fund Balance—Beginning of Year	<u>(2,967)</u>	<u>8,684</u>	<u>-</u>	<u>5,717</u>
Fund Balance—End of Year	<u>\$ 1,174,745</u>	<u>\$ 6,497</u>	<u>\$ -</u>	<u>\$ 1,181,242</u>

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Years Ended December 31, 2021

	2021
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balances - Governmental Funds	\$ 1,175,525
Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Repayment of Developer Advances	33,944
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advances - Change in Liability	645
Change in Net Position of Governmental Activities	\$ 1,210,114

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—General Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$ 90,354	\$ 90,569	\$ 215
Specific Ownership Taxes	106,132	88,882	(17,250)
URA Funding	1,309,234	1,309,176	(58)
Interest Income	-	14	14
Total Revenue	<u>1,505,720</u>	<u>1,488,641</u>	<u>(17,079)</u>
Expenditures:			
General and Administrative			
Accounting	30,000	12,864	17,136
Publications	100	-	100
Insurance	2,500	2,346	154
Legal	40,000	26,089	13,911
Miscellaneous	100	671	(571)
Office Supplies, Bank & Other	2,000	-	2,000
County Treasurer's Fees	1,355	1,359	(4)
Contingency	25,000	-	25,000
Debt Service			
Developer Advances Interest Payments	3,500	1,480	2,020
Developer Advances Principal	64,910	33,944	30,966
Operations and Maintenance			
Landscape Snow Removal & Other	50,000	-	50,000
Total Expenditures	<u>219,465</u>	<u>78,753</u>	<u>140,712</u>
Excess (Deficiency) of Revenues			
Over Expenditures			
	<u>1,286,255</u>	<u>1,409,888</u>	<u>123,633</u>
Other Financing Sources (Uses):			
Transfer In (Out)	(1,245,000)	(232,176)	1,012,824
Developer Advances	-	-	-
Total Other Financing Sources (Uses)	<u>(1,245,000)</u>	<u>(232,176)</u>	<u>1,012,824</u>
Net Change in Fund Balance	41,255	1,177,712	1,136,457
Fund Balance—Beginning of Year	<u>8,654</u>	<u>(2,967)</u>	<u>(11,621)</u>
Fund Balance—End of Year	<u>\$ 49,909</u>	<u>\$1,174,745</u>	<u>\$ 1,124,836</u>

The accompanying notes are an integral part of these financial statements.

Skyview Meadows Metropolitan District

Notes to Financial Statements

December 31, 2021

1. Definition of Reporting Entity

Skyview Meadows Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 19, 2019 in Weld County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Board of Trustees of the Town of Firestone, Colorado on September 11, 2019. The District's service area is located in the Town of Firestone, Weld County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

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

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

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

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 specific ownership 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:

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 fund.

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

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting unless otherwise indicated.

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.

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualify for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

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

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

- *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.

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.

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	\$ 1,169,943
Cash and Investments - Restricted	<u>6,497</u>
Total Cash and Investments	<u>\$ 1,176,440</u>

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

Deposits with Financial Institutions	<u>\$ 1,176,440</u>
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Skyview Meadows Metropolitan District

Notes to Financial Statements (continued)

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. 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 \$1,218,345 and a carrying balance of \$1,176,440.

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

3. Cash and Investments (continued)

- * Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

4. Long-Term Obligations

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

	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2021</u>	<u>Due Within One Year</u>
Developer Advances	\$ 33,944	\$ -	\$ 33,944	\$ -	-
Accrued Interest	645	-	645	-	-
	<u>\$ 34,589</u>	<u>\$ -</u>	<u>\$ 34,589</u>	<u>\$ -</u>	<u>\$ -</u>

Funding and Reimbursement Agreement

On April 7, 2021 the District and the Firestone Venture, LLC (the Developer) entered into Funding and Reimbursement Agreements (the Agreements). The Agreements provided for the advancement of funds by the Developer for costs related to the provision of Public Infrastructure in the nature of capital costs; and costs and advances in the nature of general operating, administrative and maintenance costs, such as attorneys, engineers, architects, surveyors, district management, accounting, auditing, insurance, and other costs necessary to the District.

Costs and Advances accepted by the District shall bear interest at an annual rate of 6.5% per annum, simple interest, from the date any such advance is made, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of the repayment of such amount.

As of December 31, 2021 the District had repaid all outstanding advances and related accrued interest.

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

4. Long-Term Liabilities (continued)

Debt Authorization

By election held on November 5, 2019, the District is authorized to issue debt up to \$139,200,000, at an interest rate not to exceed 12% annually. The District's Service Plan limits the total debt authorization further to \$24,000,000. All long-term debt is expected to be repaid by limited taxes imposed and collected for no longer than the maximum debt mill levy imposition term of residential properties and at a mill levy no higher than 50 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 to support development as it occurs within the District's service area.

5. Net Position

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

Restricted assets include the net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021 as follows:

Restricted net position:	
Debt Service	\$ 6,497
Emergency Reserves	<u>1,300</u>
Total restricted net position	<u>\$ 7,797</u>

6. Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

Skyview Meadows Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

7. Agreements

Tax Increment Revenue Sharing Agreement

The District entered into an Intergovernmental Agreement for Property Tax Increment Revenue Sharing Agreement (the Agreement) with the Firestone Urban Renewal Authority (the Authority) on May 20, 2020. The Town designated certain property served by the District as an urban renewal area and included the property in the Bighorn Urban Renewal Plan, authorizing the utilization of tax increment financing (TIF) on the property. The increment term is five years, beginning with property tax certification year 2020. The agreement will be in effect for twenty-five years. An administrative fee equal to one percent of the property tax increment revenues will be retained by the Authority. There was a first amendment to the tax increment revenue sharing agreement on January 20, 2021. The amendment clarified the Authority's obligation to pass thru to the District any and all District property tax revenue collected except for (1) amounts collected for the Administrative Fee and (2) funds generated by the District Increment's 15.000 mills during the five-year District Increment Term.

Infrastructure Acquisition Agreement

On April 7, 2021, the District entered into an infrastructure acquisition agreement with Firestone Venture, LLC (the Developer), under which the parties agreed that the developer will construct public improvements and that the District will purchase these completed improvements from the Developer, as authorized by the District's Service Plan. The acquisition of these assets are to be accepted via resolution by the Board of Directors and the purchase prices shall not be more than the actual and reasonable costs of construction, as certified.

Funding and Reimbursement Agreement

On April 7, 2021 the District and the Firestone Venture, LLC (the Developer) entered into Funding and Reimbursement Agreements (the Agreements). The Agreements provided for the advancement of funds by the Developer for costs related to the provision of Public Infrastructure in the nature of capital costs; and costs and advances in the nature of general operating, administrative and maintenance costs, such as attorneys, engineers, architects, surveyors, district management, accounting, auditing, insurance, and other costs necessary to the District.

8. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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.

Skyview Meadows Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

8. Risk Management (continued)

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.

9. Tax, Spending and Debt Limitations

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

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

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 5, 2019, the District's voters approved for the District to impose a mill levy for operations. The District is further authorized to collect, retain and spend any and all amounts annually from revenue sources, and without limiting the amount of other revenues collected, retained and spent by the District.

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

Skyview Meadows Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—Debt Service Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes	\$ -	\$ -	\$ -
Specific Ownership Taxes	-	-	-
Total Revenue	-	-	-
Expenditures:			
County Treasurer's Fees	-	-	-
Paying Agent Fees	7,000	-	7,000
Bond Interest Payments	340,789	-	340,789
Debt Issuance Expenses	492,050	2,187	489,863
Total Expenditures	839,839	2,187	837,652
Excess (Deficiency) of Revenues Over Expenditures	(839,839)	(2,187)	837,652
Other Financing Sources (Uses):			
Transfer In (Out)	(8,450,400)	-	8,450,400
Bond Proceeds	11,515,000	-	(11,515,000)
Total Other Financing Sources (Uses)	3,064,600	-	(3,064,600)
Net Change in Fund Balance	2,224,761	(2,187)	(2,226,948)
Fund Balance—Beginning of Year	9,470	8,684	(786)
Fund Balance—End of Year	\$ 2,234,231	\$ 6,497	\$ (2,227,734)

Skyview Meadows Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—Capital Projects Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Net Investment Income	\$ -	\$ -	\$ -
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital			
Water	10,000,000	-	10,000,000
Onsite Improvements	7,500,000	-	7,500,000
Offsite Improvements	1,500,000	-	1,500,000
Organization Costs	-	204,094	(204,094)
Engineering	-	21,462	(21,462)
Cost Certification	-	6,620	(6,620)
Total Expenditures	<u>19,000,000</u>	<u>232,176</u>	<u>18,767,824</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(19,000,000)</u>	<u>(232,176)</u>	<u>18,767,824</u>
Other Financing Sources (Uses):			
Transfer From the General Fund	1,245,000	232,176	(1,012,824)
Transfer From the Debt Service Fund	8,450,400	-	(8,450,400)
Developer Advance	9,304,600	-	(9,304,600)
Total Other Financing Sources (Uses)	<u>19,000,000</u>	<u>232,176</u>	<u>(18,767,824)</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>

Skyview Meadows Metropolitan District
Schedule of Assessed Valuation, Mill Levy, and
Property Taxes Collected
For the Year Ended December 31, 2021

<u>Year Ended</u> <u>December 31,</u>	<u>Prior Year</u> <u>Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>			<u>Total Property Taxes</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General</u>	<u>Urban Renewal</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2020	\$ 181,250	10.000	-	50.000	\$ 10,875	\$ 10,025	92.18%
2021	1,204,720	60.000	15.000	-	90,354	90,569	100.24%
Estimated for the year ending 12/31/2022	\$ 1,140,611	60.000	15.000	-	\$ 85,546		

Note:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.