

ROAM METROPOLITAN DISTRICT NO 2

Grand County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

ROAM METROPOLITAN DISTRICT NO 2
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Roam Metropolitan District No 2
Grand County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Roam Metropolitan District No. 2 (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 Roam Metropolitan District No. 2, as of December 31, 2021, and the respective changes in financial position and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roam Metropolitan District No. 2, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roam Metropolitan District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Roam Metropolitan District No 2'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 Roam Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 Roam Metropolitan District No. 2's basic financial statements. The debt service fund budgetary comparison schedule is presented to supplement the basic financial statements and is presented for purposes of additional analysis and are not a required part of the basic financial statements. The debt service fund budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Morain Bakarich, CPAs

Morain Bakarich, CPAs
November 2, 2022

BASIC FINANCIAL STATEMENTS

ROAM METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
Assets	
Cash and investments - Restricted	\$ 21,165,039
Property taxes receivable	95,904
Total Assets	21,260,943
Deferred Outflows of Resources	
Bond discount costs, net	436,285
Total Deferred Outflows of Resources	436,285
Liabilities	
Accounts payable	10,601
Accrued interest	105,425
Total Current Liabilities	116,026
Long Term Liabilities:	
Due in more than one year	21,875,000
Total Long Term Liabilities	21,875,000
Total Liabilities	21,991,026
Deferred Inflows of Resources	
Deferred property tax revenue	95,884
Total Deferred Inflows of Resources	95,884
Net Position	
Net investment in capital assets	-
Restricted for:	
Emergency reserve	100
Debt service	21,047,798
Unrestricted	(21,437,580)
Total Net Position	\$ (389,682)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 3,212	\$ -	\$ -	\$ -	\$ (3,212)
Interest and related costs on long-term debt	389,702	-	-	-	(389,702)
Total Governmental Activities	\$ 392,914	\$ -	\$ -	\$ -	\$ (392,914)
General Revenues:					
Property Taxes					\$ 3,016
Specific Ownership Taxes					216
Total general revenues					3,232
Change in Net Position					(389,682)
Net Position, Beginning of Year					-
Net position, End of Year					\$ (389,682)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets			
Current Assets			
Cash and investments - Restricted	\$ -	\$ 21,165,039	\$ 21,165,039
Property taxes receivable	20	95,884	95,904
Total current assets	<u>20</u>	<u>21,260,923</u>	<u>21,260,943</u>
Total Assets	<u>20</u>	<u>21,260,923</u>	<u>21,260,943</u>
Liabilities			
Current Liabilities			
Accounts payable	-	10,601	10,601
Total current liabilities	<u>-</u>	<u>10,601</u>	<u>10,601</u>
Deferred Inflows of Resources			
Property tax revenue	-	95,884	95,884
Total Deferred Inflows of Resources	<u>-</u>	<u>95,884</u>	<u>95,884</u>
Fund Balances			
Restricted for:			
Emergency reserve	100	-	100
Debt Service	-	21,154,438	21,154,438
Unassigned			
General government	(80)	-	(80)
Total fund balances	<u>20</u>	<u>21,154,438</u>	<u>21,154,458</u>
Total Liabilities, Fund Balance, and Deferred	<u>\$ 20</u>	<u>\$ 21,260,923</u>	<u>\$ 21,260,943</u>

Amounts reported for governmental funds in the Statement of Net Position are different because:

Total governmental fund balances:	\$ 21,154,458
Governmental funds report the effect of bond discounts on bonds payable when first issued, whereas these amounts are capitalized and amortized in the Statement of Activities.	
Bond discount costs	437,500
Accumulated Amortization	<u>(1,215)</u>
	436,285
Long-term liabilities, including limited obligation notes and developer advances, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.	
Bonds payable	(21,875,000)
Accrued interest payable	<u>(105,425)</u>
	(21,980,425)
Total Net Position of Governmental Activities	<u>\$ (389,682)</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
General Property taxes	\$ 3,016	\$ -	\$ 3,016
Ownership tax	216	-	216
Total revenues	<u>3,232</u>	<u>-</u>	<u>3,232</u>
Expenditures:			
County treasurer fees	151	-	151
Transfer to District No. 1	3,061	-	3,061
Bond issuance costs	-	283,062	283,062
Total expenditures	<u>3,212</u>	<u>283,062</u>	<u>286,274</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20	(283,062)	(283,042)
Other Financing Sources (Uses):			
Issuance of limited tax general obligation bonds	-	21,875,000	21,875,000
Discount on debt issued	-	(437,500)	(437,500)
Total other financing sources (uses)	<u>-</u>	<u>21,437,500</u>	<u>21,437,500</u>
Net Change in Fund Balance	20	21,154,438	21,154,458
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ 20</u>	<u>\$ 21,154,438</u>	<u>\$ 21,154,458</u>

Net Change in Fund Balances - Governmental Funds \$ 21,154,458

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related

Bond discount	437,500
Amortization of bond discount	(1,215)
Issuance of long-term debt	(21,875,000)
Accrued interest	(105,425)
Change in Net Position of Governmental Activities	<u>\$ (389,682)</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 3,016	\$ 3,016	\$ -
Ownership Taxes	181	216	35
Total revenues	<u>3,197</u>	<u>3,232</u>	<u>35</u>
Expenditures			
County treasurer fees	45	151	(106)
Transfers to District No. 1	3,152	3,061	91
Total expenditures	<u>3,197</u>	<u>3,212</u>	<u>(15)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>20</u>	<u>20</u>
Net Change in Fund Balance	-	20	20
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 20</u></u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Roam Metropolitan District No. 2 (the "District"), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court of Grand County, Colorado, on November 22, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to design, acquire, construct relocate, redevelop, and finance public improvements. District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes 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 presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) grants and contributions that are restricted to meeting the operational needs of a particular program and (b) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for the governmental funds. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The District has two governmental funds (below) and does not maintain proprietary or fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Budgets

In accordance with the Colorado Budget Law, the District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to October 15th the budget is submitted to the Board of Directors of the District.
2. A public hearing on the budget is held prior to its adoption.
3. On the date of the hearing, the Board reviews the proposed budget and formally adopts it by resolution.
4. At the time of adopting the budget the Board also adopts the mill levies.
5. Prior to the certification of the District's mill levies, the Board passes an appropriating ordinance giving the District legal authority to spend.
6. The District adopts budgets for the general and debt service funds on a basis consistent with generally accepted accounting principles. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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 1st of each year. The levy is normally set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of January 1st 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 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.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *bond discount costs, net*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

Bond discount costs, net of accumulated amortization, of \$436,285 are included in the Statement of Net Position. Bond discount costs are being amortized over the life of the 2021(3) bond issue (30 years), which approximates the effective interest method. Amortization is included as a component of interest expense in the Statement of Activities. In 2021, \$1,215 of amortization relating to the bond discount costs was included in interest expense in the Statement of Activities.

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.

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

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds

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.

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.

Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances of the governmental funds and the net position of governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances of the governmental funds and the changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments – Restricted	\$ 21,165,039
Total Cash and Investments	<u>\$ 21,165,039</u>

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

Investments	\$ 21,165,039
Total Cash and Investments	<u>\$ 21,165,039</u>

At December 31, 2021, the District's investments consist of bond proceeds held in money market trust accounts. The money market accounts are not rated investments.

Cash Deposits

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

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

At December 31, 2021, the District had no amounts on deposit outstanding.

Investments

The District has adopted a formal investment policy which 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

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- 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*

District policy is to hold investments until maturity.

NOTE 3: LONG-TERM DEBT OBLIGATIONS

On December 14, 2021, the District issued limited tax general obligation bonds, Series 2021⁽³⁾ totaling \$21,875,000 with an interest rate of 6.00%. The bonds were issued to finance and reimbursing a portion of the costs of planning, designing, acquiring, constructing, installing, relocating, and redeveloping certain public infrastructure improvements within the District. The 2021⁽³⁾ Bonds are secured by and payable from the Pledged Revenue consisting of funds derived by the District from the following sources, net of any costs of collections: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all PILOT Revenues; (d) All Capital Fees, if any; (e) any Public Improvement Cost Contributions (each as defined in the Indenture of Trust for the Series 2021⁽³⁾ Bonds).

These bonds were issued as “cash-flow” bonds, meaning that the general obligation bonds contain no scheduled principal payments prior to the final maturity date. Principal payments on the 2021⁽³⁾ Bond are payable from, and solely to the extent of, Pledged Revenue, if any, remaining after the annual interest payment due on the 2021⁽³⁾ Bonds. Interest is payable on December 1st each year to the extent of Pledged Revenue is available therefor, commencing December 1, 2022. To the extent interest is not paid when due, such interest is compounding at the rate of 6.00% on each interest payment date.

The 2021⁽³⁾ Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2026, and on any date thereafter, upon payment of par plus accrued interest thereon and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2026 to November 30, 2027	3.00%
December 1, 2027 to November 30, 2028	2.00
December 1, 2028 to November 30, 2029	1.00
December 1, 2029 and thereafter	0.00

In the event that any amount of principal of or interest on the Bond remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the Bond shall be deemed discharged.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Authorized Debt

At an election held on November 6, 2018, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$55,000,000. As of December 31, 2021, \$32,963,224 of the Service Debt Authorization remains. On January 1, 2020 Roam Metropolitan District No. 1 entered into a 2020 Funding and Reimbursement Agreement with the Developer and as of November 1, 2021, has incurred costs of \$161,776. This constitutes debt (as defined by the Service Plan), and such debt will reduce the available Service Plan Debt Limit. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing additional public improvements, if needed.

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/21
2021 ⁽³⁾ GO Bonds	\$ -	\$ 21,875,000	\$ -	\$ 21,875,000
2021 ⁽³⁾ Accrued and Unpaid interest	-	105,425	-	105,425
Total	<u>\$ -</u>	<u>\$ 21,980,425</u>	<u>\$ -</u>	<u>\$ 21,980,425</u>

NOTE 4: INTERGOVERNMENTAL AGREEMENTS

The District entered into an Intergovernmental Agreement Concerning District Operations ("Master IGA") dated December 21, 2018 with Roam Metropolitan District No. 1 ("District No. 1" or "Service District"), and Roam Metropolitan District No. 3 ("District No. 3"). District and District No. 3 are collectively referred to therein as the "Financing Districts." The Master IGA sets forth the rights and obligations of the financing districts to fund, and of the service district to construct, own or transfer, and to operate and maintain, public facilities and services of benefits to all Districts, and to implement the Consolidated Service Plan ("Service Plan") of the Districts. The Service Plan describes the relationship between the Districts. In the Master IGA, the District contracts for and supervises the construction and acquisition of facilities subject to annual budget appropriation, as described in the Service Plan.

Under the Master IGA, future capital needs of the Districts will be accomplished through the issuing of one or more series bonds or other debt instructions (the "Bonds") which Bonds will be secured by certain pledged revenues of the Financing Districts. It is anticipated that the Districts will enter into additional future capital pledge agreements ("Pledge Agreement"), pursuant to which the Financing Districts will pledge certain revenues to the Service District for payment of any Bonds issued by the Service District.

In furtherance of the Districts' Service Plan, in the Master IGA, the Financing Districts further acknowledge that the Service District will and/or has incurred certain Developer Obligations (as defined in the Master IGA) associated with the acquisition, construction, and installation of public improvements for the benefit of the Financing Districts, and that Developer Obligations will be refunded from the proceeds of Bonds. District No. 1 has entered into certain reimbursement agreements with Fraser River Development Co., LLC (the "Developer") and/or its affiliates or other developers. All public improvements funded by the Districts will be either dedicated to the Town of Winter Park or other governmental entities or will be owned and operated by the Service District (the "District-Owned Improvements").

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

The Service District will be responsible for the operation and maintenance of all facilities, and will perform certain administrative services for the District in exchange for fees.

As of November 1, 2021, the Developer has incurred \$8,650,841 for public improvements. The proceeds from the issuance Series 2021(3) Bonds are anticipated to reimburse a portion of such public improvements costs incurred by the Developer, to the extent that the obligation to pay such amounts are in accordance with the Service Plan.

NOTE 5: RELATED PARTIES

During 2021, the majority of the District's board members were officers, employees, or consultants for the developer, Fraser River Development Co., LLC. (see Note 4).

NOTE 6: RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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. Settled claims have not exceeded commercial coverage limits in any of the past three fiscal years.

NOTE 7: 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 limits 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. At December 31, 2021, the District determined its required emergency reserve to be approximately \$100.

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.

ROAM METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: DEFICIT NET POSITION

The District has deficit net position of \$389,682 as of December 31, 2021. The District has incurred general obligation debt for the acquisition, construction, and reimbursement of public improvements incurred by developers within the District. All of these assets will be deeded or transferred to other local and state governmental entities. These entities will assume the responsibility for the continued maintenance of these improvements. These assets will not be assets of the District but will still exist for the benefit and use of the taxpayers of the District. The debt acquired to finance public improvements within the District creates a net deficit as of December 31, 2021.

NOTE 9: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 2, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ROAM METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Expenditures				
Bond issuance costs	\$ -	\$ 687,600	\$ 283,062	\$ 404,538
Payment to escrow agent	-	12,541,559	-	12,541,559
Developer advance repayment	-	8,650,841	-	8,650,841
Total expenditures	<u>-</u>	<u>21,880,000</u>	<u>283,062</u>	<u>21,596,938</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(21,880,000)</u>	<u>(283,062)</u>	<u>21,596,938</u>
Other Financing Sources (Uses):				
Issuance of limited tax general obligation bonds	-	21,880,000	21,875,000	(5,000)
Discount on debt issued	-	-	(437,500)	(437,500)
Net Other Financing Sources (Uses)	<u>-</u>	<u>21,880,000</u>	<u>21,437,500</u>	<u>(442,500)</u>
Net Change in Fund Balance	-	-	21,154,438	21,154,438
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,154,438</u>	<u>\$ 21,154,438</u>