

Conestoga Metropolitan District No. 2
Weld County, Colorado

Financial Statements
December 31, 2022




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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Conestoga Metropolitan District No. 2
Weld County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and the major funds of Conestoga Metropolitan District No. 2 as of and for the year ended December 31, 2022, 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 the major funds of Conestoga Metropolitan District No. 2, as of December 31, 2022, 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 Opinion

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 Conestoga 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 opinion.

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 Conestoga Metropolitan District No. 2'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 Conestoga 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 Conestoga Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

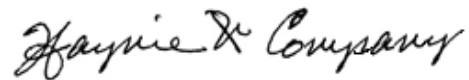
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management 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 Supplementary Information

Our audit was made for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the District's basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
August 23, 2023

BASIC FINANCIAL STATEMENTS

Conestoga Metropolitan District No. 2
Statement of Net Position
December 31, 2022

Assets	Governmental Activities
Cash and investments - restricted	\$ 45
Property taxes receivable	252,777
Service fees receivable	1,323
Due from District No. 1	2,815
Total assets	<u>\$ 256,960</u>
Liabilities	
Accrued interest	\$ 19,635
Non-current liabilities:	
Due in more than one year	<u>10,071,481</u>
Total liabilities	<u>10,091,116</u>
Deferred Inflows of Resources	
Deferred property taxes	<u>252,777</u>
Total deferred inflows of resources	<u>252,777</u>
Net Position	
Restricted for:	
Debt Service	4,183
Emergency	1,145
Unrestricted	<u>(10,092,261)</u>
Total Net Position	<u>(10,086,933)</u>
Total Liabilities, deferred inflows of resources and Net Position	<u>\$ 256,960</u>

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

Conestoga Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services and</u> <u>other fees</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 40,648	\$ 67,685	\$ -	\$ -	\$ 27,037
Interest and related costs on long term debt	238,776	-	-	-	(238,776)
	<u>\$ 279,424</u>	<u>\$ 67,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,739)</u>
General revenues:					
Property taxes					200,327
Specific ownership taxes					11,919
Interest and other income					2,451
					<u>214,697</u>
Total general revenues					214,697
Change in net position					2,958
Net position - beginning of year					(10,089,891)
Net position - end of year					<u>\$ (10,086,933)</u>

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

Conestoga Metropolitan District No. 2
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and investments - restricted	\$ -	\$ 45	\$ 45
Property taxes receivable	46,005	206,772	252,777
Service fees receivable	-	1,323	1,323
Services fees from District No. 1	-	2,060	2,060
Due from District No. 1	-	755	755
Total assets	\$ 46,005	\$ 210,955	\$ 256,960
Liabilities			
Accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Deferred Inflows of Resources			
Deferred property taxes	46,005	206,772	252,777
Total deferred inflows of resources	46,005	206,772	252,777
Fund Balances			
Restricted:			
Debt service	-	4,183	4,183
Emergency reserves	1,145	-	1,145
Unassigned	(1,145)	-	(1,145)
Total Fund Balances	-	4,183	4,183
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 46,005	\$ 210,955	\$ 256,960

Total governmental fund balance per above \$ 4,183

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds payable, net of unamortized premium	(10,071,481)
Accrued interest	(19,635)
Net position of governmental activities	\$ (10,086,933)

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

Conestoga Metropolitan District No. 2
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 36,009	\$ 164,318	\$ 200,327
Specific ownership taxes	2,169	9,750	11,919
Service fees	-	67,685	67,685
Interest and other income	-	2,451	2,451
Total Revenues	<u>38,178</u>	<u>244,204</u>	<u>282,382</u>
Expenditures			
Intergovernmental expenditure	37,628	2,470	40,098
Treasurer fees	550	-	550
Debt service			
Loan interest	-	235,616	235,616
Bond issuance costs	-	-	-
Paying agent and other fees	-	6,650	6,650
Total Expenditures	<u>38,178</u>	<u>244,736</u>	<u>282,914</u>
Excess of revenues over (under) expenditures	-	(532)	(532)
Net change in fund balances	-	(532)	(532)
Fund balances:			
Beginning of the year	<u>-</u>	<u>4,715</u>	<u>4,715</u>
End of the year	<u>\$ -</u>	<u>\$ 4,183</u>	<u>\$ 4,183</u>

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

Conestoga Metropolitan District No. 2
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2022

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

Net change in fund balance—total governmental funds	\$	(532)
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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. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

Amortization of bond premium		3,786
Accrued interest - change in liability		<u>(296)</u>

Change in net position of governmental activities	\$	<u>2,958</u>
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The accompanying notes are an integral part of these financial statements.

Conestoga Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balances—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 36,651	\$ 36,009	\$ (642)
Specific ownership taxes	2,200	2,169	(31)
Interest and other income	5,000	-	(5,000)
Total Revenues	<u>43,851</u>	<u>38,178</u>	<u>(5,673)</u>
Expenditures			
Payment for services to District No. 1	38,301	-	38,301
Treasurer's fees	550	550	-
Intergovernmental expenditure	-	37,628	(37,628)
Contingency	5,000	-	5,000
Total Expenditures	<u>43,851</u>	<u>38,178</u>	<u>5,673</u>
Excess Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund Balances—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Conestoga Metropolitan District No. 2
Notes to Financial Statements
December 31, 2022

1. Definition of Reporting Entity

Conestoga Metropolitan District No. 2 (the District), a quasi-municipal corporation, was organized in 2017, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District's service area is located in the City of Ault, Weld County, Colorado. The District was established to be a financing district and to contain residential development, multi-family development and commercial development within its respective boundary.

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.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (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 the governmental funds. Major individual governmental funds are reported as separate columns in the 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. 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.

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 is used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and other debt-related costs.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

Property Taxes

Property taxes are levied by the District 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 for the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Bond Issuance Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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 policy to use the most restrictive classification first.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - restricted	\$ <u>45</u>
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Cash and investments as of December 31, 2022 consist of the following:

External investment pools	\$ <u>45</u>
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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 equal to 102% of the aggregate uninsured deposits.

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

As of December 31, 2022, the District had no cash deposits.

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:

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments (continued)

- . 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, 2022, the District had the following investments:

Investment Maturity Fair Value

Colorado Local Government Liquid Asset Trust
(COLOTRUST) Weighted average under 60 days \$ 45

COLOTRUST

The District had invested \$45 in Colorado Government Liquid Asset Trust (COLOTRUST) as of December 31, 2022. The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments (continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. Long-Term Liabilities

Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A

On October 7, 2021, the District issued Limited Tax General Obligation Refunding and Improvement Bonds, Series 2021A for \$9,750,000. The proceeds will be used by the District to finance public improvements by related District.

The Bonds shall accrue interest at the rates of 5.250%. The Bonds are structured as cash flow bonds. As such, interest on the Bonds is payable on each interest payment date to the extent of any pledged revenues available. There are no scheduled payments of principal on the Bonds prior to their maturity date, but rather the Bonds are subject to mandatory redemption on each mandatory redemption date to the extent of moneys on deposit; if any, in the mandatory redemption account of the bond fund.

As of December 31, 2022, the District has accrued and unpaid interest related to the Series 2021A bonds in the amount of \$19,635.

Events of default are as follows:

- The District refuses to impose the required mill levy or apply pledged revenue, as required
- The District defaults on the performance or observance or other applicable covenants, agreements or conditions, and fails to remedy after notice
- The District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the bond obligation

Remedies for default include the potential for receivership scenario, a suit for judgment or some other suit or action available under law.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

4. Long-Term Liabilities (continued)

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Bonds payable:					
Bonds payable 2021A	\$ 9,750,000	\$ -	\$ -	\$ 9,750,000	\$ -
Bond premium 2021A	325,267	-	(3,786)	321,481	-
	<u>\$ 10,075,267</u>	<u>\$ -</u>	<u>\$ (3,786)</u>	<u>\$ 10,071,481</u>	<u>\$ -</u>

Estimated future debt service payments are as follows:

	Principal	Interest	Total
2023	\$ -	\$ 386,910	\$ 386,910
2024	-	493,878	493,878
2025	-	526,319	526,319
2026	-	585,848	585,848
2027	-	585,848	585,848
2028-2032	121,000	3,105,272	3,226,272
2033-2037	1,256,000	2,412,587	3,668,587
2038-2042	2,234,000	1,987,022	4,221,022
2043-2047	3,535,000	1,272,602	4,807,602
2048-2050	2,604,000	262,133	2,866,133
Total	<u>\$ 9,750,000</u>	<u>\$ 11,618,419</u>	<u>\$ 21,368,419</u>

By election, the District is authorized to issue debt up to \$138,500,000; however, the District Service Plan limits the issuance of debt to \$9,750,000. 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. As of December 31, 2022, the District had no remaining authorized but unissued debt.

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. However, the amount and timing of any debt issuances, if any, are not determinable.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

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, 2022 as follows:

Restricted net position:

Debt service	\$ 4,183
Emergency Reserves (see Note 7)	\$ 883

The District’s unrestricted net position as of December 31, 2022 is a deficit of \$(10,091,999).

6. 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, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials’ liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

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.

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.

Conestoga Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2022

7. Tax, Spending and Debt Limitations (continued)

In November 2017, the District voters approved revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending revenue raising or other limitation in 2017 and subsequent years.

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.

8. Related Parties

Several 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.

Supplementary Information

Conestoga Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 164,737	\$ 164,318	\$ (419)
Specific ownership taxes	9,884	9,750	(134)
Service fees	67,732	67,685	(47)
Interest and other income	-	2,451	2,451
Total Revenue	<u>242,353</u>	<u>244,204</u>	<u>1,851</u>
Expenditures			
Treasurer's fees	2,471	2,470	1
Loan interest	244,654	235,616	9,038
Paying agent and other fees	<u>4,000</u>	<u>6,650</u>	<u>(2,650)</u>
Total Expenditures	<u>251,125</u>	<u>244,736</u>	<u>6,389</u>
Excess Revenue Over (Under) Expenditures	<u>(8,772)</u>	<u>(532)</u>	<u>8,240</u>
Net change in fund balances	<u>(8,772)</u>	<u>(532)</u>	<u>8,240</u>
Fund Balance—Beginning of year	<u>10,149</u>	<u>4,715</u>	<u>(5,434)</u>
Fund Balance—End of Year	<u>\$ 1,377</u>	<u>\$ 4,183</u>	<u>\$ 2,806</u>