

**Timbers Metropolitan District
(Douglas County, Colorado)**

Independent Auditor's Report
and Financial Statements

December 31, 2022



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Independent Auditor's Report

Members of the Board of Directors
Timbers Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Timbers Metropolitan District (the District) 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 each major fund of Timbers Metropolitan District, 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 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 Timbers 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 Timbers 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 Timbers 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 Timbers 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

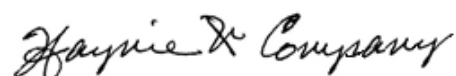
Required Supplementary Information

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 opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Timbers Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
March 6, 2023

BASIC FINANCIAL STATEMENTS

Timbers Metropolitan District
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents - unrestricted	\$ 174,985
Property taxes receivable	365,467
Capital assets, net of depreciation	4,605,406
Total assets	5,145,857
LIABILITIES	
Accounts payable	610
Accrued loan interest payable	21,674
Noncurrent liabilities:	
Due within one year	120,000
Due in more than one year	6,415,000
Total liabilities	6,557,284
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	365,467
Total liabilities and deferred inflows of resources	6,922,751
NET POSITION	
Net investment in capital assets	(1,929,594)
Unrestricted	152,700
Total net position (deficit)	\$ (1,776,894)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**Timbers Metropolitan District
Statement of Activities
Year Ended December 31, 2022**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Functions/Programs</u>	<u>Expenses</u>			<u>Governmental Activities</u>
Primary government:				
Government activities:				
General government	\$ 200,473	\$ -	\$ -	\$ (200,473)
Interest and related costs on long-term debt	1,475,555	-	-	(1,475,555)
	<u>\$ 1,676,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,676,028)</u>
	<u>General revenues:</u>			
Property taxes				\$ 335,291
Specific ownership taxes				26,913
Total general revenues				<u>362,204</u>
Change in net position				(1,313,824)
Net position - Beginning				(463,070)
Net position (deficit) - Ending				<u><u>\$ (1,776,894)</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**Timbers Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	\$ 47,869	\$ 127,116	\$ -	\$ 174,985
Property taxes receivable	60,911	304,556	-	365,467
TOTAL ASSETS	108,780	431,672	-	540,452
LIABILITIES				
Accounts payable	610	-	-	610
Total liabilities	610	-	-	610
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	60,911	304,556	-	365,467
Total liabilities & deferred inflows	61,521	304,556	-	366,077
FUND BALANCES				
Restricted for:				
Debt service	-	127,116	-	127,116
Unassigned	47,259	-	-	47,259
Total fund balances	47,259	127,116	-	174,375
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 108,780	\$ 431,672	\$ -	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds.	4,605,406
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(6,535,000)
Accrued interest - bonds	(21,674)
Net position (deficit) of governmental activities	\$ (1,776,894)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**Timbers Metropolitan District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 55,893	\$ 279,398	\$ -	\$ 335,291
Specific ownership taxes	4,486	22,427	-	26,913
Total revenues	<u>60,379</u>	<u>301,825</u>	<u>-</u>	<u>362,204</u>
EXPENDITURES				
Current				
Accounting	4,000	-	-	4,000
County Treasurer's fees	832	4,160	-	4,992
Audit and administrative	1,129	-	-	1,129
Management	37,195	-	-	37,195
Legal	10,485	-	-	10,485
Insurance	4,097	-	-	4,097
Debt service				
Bond interest	-	1,293,365	-	1,293,365
Costs of issuance	-	154,285	-	154,285
Developer advance - interest	-	6,230	-	6,230
Total expenditures	<u>57,738</u>	<u>1,458,040</u>	<u>-</u>	<u>1,515,778</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>2,641</u>	<u>(1,156,215)</u>	<u>-</u>	<u>(1,153,574)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	6,570,000	-	6,570,000
Repayment bonds	-	(5,090,000)	-	(5,090,000)
Repayment developer advances	-	(182,488)	-	(182,488)
Total other financing sources (uses)	<u>-</u>	<u>1,297,512</u>	<u>-</u>	<u>1,297,512</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	<u>2,641</u>	<u>141,297</u>	<u>-</u>	<u>143,938</u>
FUND BALANCES - BEGINNING OF YEAR				
	<u>44,618</u>	<u>(14,181)</u>	<u>-</u>	<u>30,437</u>
FUND BALANCES - END OF YEAR				
	<u>\$ 47,259</u>	<u>\$ 127,116</u>	<u>\$ -</u>	<u>\$ 174,375</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**Timbers Metropolitan District
Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2022**

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

Net changes in fund balances - Total governmental funds	\$ 143,938
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Governmental funds report capital outlays as expenditure. In the statement of activities, capital outlay is reported as an asset. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year.

Depreciation	(138,575)
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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.

Bonds issued	(6,570,000)
Bonds repayment	5,090,000
Developer advances repayment	182,488
Accrued interest on long term debt - Change in liability	(21,674)
Change in net position of governmental activities	\$ (1,313,824)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**Timbers Metropolitan District
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 55,422	\$ 55,422	\$ 55,893	\$ 471
Specific ownership taxes	2,500	2,500	4,486	1,986
Total revenues	<u>57,922</u>	<u>57,922</u>	<u>60,379</u>	<u>2,457</u>
EXPENDITURES				
General Government				
Accounting	4,000	4,000	4,000	-
Audit and administrative	3,500	3,500	1,129	2,371
Management	-	37,195	37,195	-
Treasurer's fees	831	831	832	(1)
Insurance	2,030	4,097	4,097	-
Legal services	4,000	9,000	10,485	(1,485)
Contingency	1,000	1,000	-	1,000
Debt service				
Developer advance payments - Principal	30,000	-	-	-
Developer advance payments - Interest	12,774	-	-	-
Total expenditures	<u>58,135</u>	<u>59,623</u>	<u>57,738</u>	<u>1,885</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(213)</u>	<u>(1,701)</u>	<u>2,641</u>	<u>4,342</u>
NET CHANGE IN FUND BALANCE	<u>(213)</u>	<u>(1,701)</u>	<u>2,641</u>	<u>4,342</u>
FUND BALANCE - BEGINNING OF YEAR	<u>23,136</u>	<u>23,136</u>	<u>44,618</u>	<u>21,482</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,923</u>	<u>\$ 21,435</u>	<u>\$ 47,259</u>	<u>\$ 25,824</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Timbers Metropolitan District

Notes to Financial Statements

December 31, 2022

1. Definition of Reporting Entity

Timbers Metropolitan District (District), is a special district organized under Title 32 of the Colorado Revised Statutes to serve the public improvement needs of Timbers at the Pinery (the “Project”), was organized on August 23, 2016, and is governed pursuant to provisions of the Special District Control Act, C.R.S. 32-1-201, as amended, and the Special District Service Plan Review Procedures for Douglas County (the “County”). The District’s service area is located in Douglas County, Colorado. The District was established for the purpose of providing public improvements for the benefit of all anticipated inhabitants and taxpayers of the District. It also serves to finance and oversee the construction of these public improvements. The District is governed by an elected Board of Directors comprised of up to five members.

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. The Board of Directors (Districts Governing Body) is elected by the Districts qualified voters.

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. For the most part, the effect of inter-fund activity has been removed from these statements. These financial statements include all of the activities of the District. Governmental activities that are normally supported by property taxes.

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

Timbers Metropolitan District
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 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. Redemption of bonds is recorded as a reduction in liabilities.

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. 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 paid.

The District reports the following major governmental funds:

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

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

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

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

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 on its basis of accounting unless otherwise indicated. Expenditures in the Debt Service Fund exceeded appropriations during 2022; this may be a violation of the State statutes.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported on the net asset method.

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 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 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 are considered fully collectible and are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include infrastructure assets and landfill remediation, 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 in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Water/ Sewer/ Utilities	50 years
Traffic and Streets	25 years

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the year ended December 31, 2022 are comprised of property taxes due from Douglas County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt is reported gross.

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.

Fund Balance – Governmental Funds

The fund balances for the District’s governmental funds are displayed in up to five components:

Nonspendable – amounts that are not in a spendable form or are required to be maintained intact.

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Restricted – amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

- The restricted fund balance in the Debt Service Fund in the amount of \$127,116 is to be used exclusively for the payment of loan interest and related costs.

Committed – amounts 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 – amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance for the year ended December 31, 2022.

Unassigned – the residual classification for the General Fund and includes all amounts not contained in the other classifications.

- The unassigned fund balance for the general fund as of December 31, 2022 is \$47,259.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

3. Cash and Investments

Investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents – Unrestricted	\$ 174,985
	<u>\$ 174,985</u>

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

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 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.

At December 31, 2022, the District's cash deposits had a carrying balance of \$174,985 and a bank balance of \$174,837, which is fully insured by FDIC coverage and PDPA collateral.

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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less (depending upon the type of investment) 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
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase and reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- *Local government investment

As of December 31, 2022, the District had no investments.

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

4. Capital Assets

The following is an analysis of the changes in capital assets for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Transfers and Deletions	Balance at December 31, 2022
Capital assets, being depreciated:				
Roadway & Streets	\$ 1,709,362	\$ -	\$ -	\$ 1,709,362
Water	1,153,314	-	-	1,153,314
Sewer/Sanitation	1,153,315	-	-	1,153,315
Utility	1,153,315	-	-	1,153,315
Traffic & Safety	25,044	-	-	25,044
Total capital assets being depreciated	5,194,350	-	-	5,194,350
Accumulated depreciation	(450,369)	(138,575)	-	(588,944)
Net capital assets being depreciated	5,159,706	(138,575)	-	4,605,406
Governmental assets, net	<u>\$ 5,159,706</u>	<u>\$ (138,575)</u>	<u>\$ -</u>	<u>\$ 4,605,406</u>

Depreciation expense charged in 2022 to the governmental functions of the District was \$138,575.

5. Long-Term Debt

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

	Balance at December 31, 2021	Additions	Payments	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
Senior Limited Tax GO Bonds 2018A	\$ 1,290,000	\$ -	\$ (1,290,000)	\$ -	\$ -
Subordinate Limited Tax GO Bonds 2018B	3,800,000	-	(3,800,000)	-	-
Limited Tax GO Refunding Note 2022	-	6,570,000	(35,000)	6,535,000	120,000
Interest, series 2022	-	132,806	(111,132)	21,674	21,674
Total Governmental Activities	5,090,000	6,702,806	(5,236,132)	6,556,674	141,674
Developer Advances:					
Developer Advances	182,488	-	(182,488)	-	-
Total Developer Advances	182,488	-	(182,488)	-	-
Long-Term Obligations	<u>\$ 5,272,488</u>	<u>\$ 6,702,806</u>	<u>\$ (5,418,620)</u>	<u>\$ 6,556,674</u>	<u>\$ 141,674</u>

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

5. Long-Term Debt (continued)

On June 28, 2022 the District entered into an Agreement with the NBH Bank to borrow \$6,570,000 as Limited Tax General Obligation Refunding Note, Series 2022; the maturity date is 12/01/2042 and the final locked fixed interest rate is 3.98%. Proceeds from the bond were used to pay and cancel the Senior Limited Tax General Obligation Bonds 2018A, Subordinate Limited Tax General Obligation Bonds 2018B and the Developer Advances.

The outstanding principal and interest of the General Obligation Refunding Note 2022 are due as follows:

	Principal	Interest	Total
2023	\$ 120,000	\$ 260,093	\$ 380,093
2024	125,000	255,317	380,317
2025	130,000	250,342	380,342
2026	130,000	245,168	375,168
2027	140,000	239,994	379,994
2028-2032	780,000	1,112,410	1,892,410
2033-2037	945,000	944,653	1,889,653
2038-2042	4,165,000	741,275	4,906,275
	\$ 6,535,000	\$ 4,049,252	\$ 10,584,252

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets of (\$1,929,594).

Restricted assets include assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position of \$127,116 as of December 31, 2022 as follows:

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

6. Net Position (continued)

Restricted net position:

Debt Service	\$ 127,116
	<u>\$ 127,116</u>

The District's unrestricted net position as of December 31, 2022 totaled \$152,700.

7. 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 official's 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, public official's liability and workers compensation 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.

8. Tax, Spending and Debt Limitations

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

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

Timbers Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

8. Tax, Spending and Debt Limitations (continued)

On November 15, 2016, the District's voters passed an election question allowing the District to increase property taxes up to \$1,000,000 annually, without limitation of rate, in order for the District to pay for operations, maintenance, and other expenses. Additionally, voters authorized the District to collect, retain and spend amounts from all revenue sources, without imposed limitations.

SUPPLEMENTAL INFORMATION

**Timbers Metropolitan District
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 277,045	\$ 277,187	\$ 279,398	\$ 2,211
Specific ownership taxes	13,000	16,653	22,427	5,774
Total revenues	<u>290,045</u>	<u>293,840</u>	<u>301,825</u>	<u>7,985</u>
EXPENDITURES				
Current				
County treasurer fees	4,156	4,158	4,160	(2)
Debt service				
Bond - Senior Bonds principal payment	225,000	-	-	-
Bond interest	64,500	-	1,293,365	(1,293,365)
Bond paying agent fees- Senior Bonds	800	-	-	-
Bond paying agent fees- Subordinate Bonds	800	-	-	-
Developer advance - interest	-	-	6,230	(6,230)
Cost of issuance	-	-	154,285	(154,285)
NBH Bank loan - principal	-	35,000	-	35,000
NBH Bank loan - interest	-	111,132	-	111,132
Total expenditures	<u>295,256</u>	<u>150,290</u>	<u>1,458,040</u>	<u>(1,307,750)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,211)</u>	<u>143,550</u>	<u>(1,156,215)</u>	<u>(1,299,765)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	6,570,000	6,570,000
Repayment bonds	-	-	(5,090,000)	(5,090,000)
Repayment developer advances	-	-	(182,488)	(182,488)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,297,512</u>	<u>1,297,512</u>
NET CHANGE IN FUND BALANCE	<u>(5,211)</u>	<u>143,550</u>	<u>141,297</u>	<u>(2,253)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>18,823</u>	<u>18,823</u>	<u>(14,181)</u>	<u>(33,004)</u>
FUND BALANCE - END OF YEAR	<u>\$ 13,612</u>	<u>\$ 162,373</u>	<u>\$ 127,116</u>	<u>\$ (35,257)</u>

**Timbers Metropolitan District
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Expenditures				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Timbers Metropolitan District
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
December 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt Service	Levied	Collected	
2018	\$ 1,715,760	5.000	25.000	\$ 51,473	\$ 50,454	98.02%
2019	\$ 2,666,070	5.000	25.000	\$ 79,982	\$ 335,291	419.21%
2020	\$ 6,335,740	5.000	25.000	\$ 190,073	\$ 190,335	100.14%
2021	\$ 7,834,430	5.000	25.000	\$ 235,033	\$ 231,175	98.36%
2022	\$ 11,082,240	5.000	25.000	\$ 332,467	\$ 335,291	100.85%
Estimated for the year ending December 31, 2023	\$ 12,182,220	5.000	25.000	\$ 365,467		