

**Neighbors Point Metropolitan District  
Weld County, Colorado**

**FINANCIAL STATEMENTS**

**With Independent Auditor's Report**

**December 31, 2022**

**Neighbors Point Metropolitan District**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Neighbors Point Metropolitan District  
Weld County, Colorado

### Opinions

We have audited the financial statements of the governmental activities and each major fund of Neighbors Point 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position thereof, 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 (GAAS). 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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 the District'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 Responsibility 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 GAAS 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 GAAS, we:

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

We are required to communicate to 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.

## Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional 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 basic financial statements as a whole.

*Fiscal Group Partners, LLC*

Arvada, Colorado  
June 15, 2023

NEIGHBORS POINT METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 50,040
Cash and investments - restricted	57,830
Due from county treasurer	1,001
Prepaid expense	2,571
Property taxes receivable	197,290
<b>Total assets</b>	<u>308,732</u>
<b>LIABILITIES</b>	
Accounts payable	6,001
Accrued interest payable	19,329
Noncurrent liabilities:	
Due within one year	45,000
Due in more than one year	5,275,000
<b>Total liabilities</b>	<u>5,345,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	197,290
<b>Total deferred inflows of resources</b>	<u>197,290</u>
<b>NET POSITION</b>	
Restricted for:	
Emergencies	2,300
Debt service	55,697
Unrestricted	(5,291,885)
<b>Total net position</b>	<u>\$ (5,233,888)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**NEIGHBORS POINT METROPOLITAN DISTRICT**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
<b>Functions/Programs:</b>					<b>Governmental Activities</b>
<b>Primary government</b>					
General government	\$ 367,890	\$ -	\$ -	\$ -	\$ (367,890)
Interest on long-term debt and related costs	401,227	-	-	-	(401,227)
Dedication of capital assets to other entity	8,025,356	-	-	-	(8,025,356)
Total primary government	<u>\$ 8,794,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,794,473)</u>
		<b>General Revenues:</b>			
		Property taxes			115,175
		TIFF pass-thru property taxes			75,681
		Specific ownership taxes			11,365
		Interest income			10,971
		<b>Special items:</b>			
		Forgiveness of debt			<u>3,142,356</u>
		Total general revenues and special items			<u>3,355,548</u>
		<b>Change in net position</b>			(5,438,925)
		<b>Net position - beginning</b>			<u>205,037</u>
		<b>Net position - ending</b>			<u>\$ (5,233,888)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**NEIGHBORS POINT METROPOLITAN DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 50,040	\$ -	\$ -	\$ 50,040
Cash and investments - restricted	2,300	55,530	-	57,830
Due from county treasurer	834	167	-	1,001
Prepaid expense	2,571	-	-	2,571
Property taxes receivable	45,924	151,366	-	197,290
<b>Total assets</b>	<u>\$ 101,669</u>	<u>\$ 207,063</u>	<u>\$ -</u>	<u>\$ 308,732</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,001	\$ -	\$ -	\$ 6,001
<b>Total liabilities</b>	<u>6,001</u>	<u>-</u>	<u>-</u>	<u>6,001</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenue	45,924	151,366	-	197,290
<b>Total deferred inflows of resources</b>	<u>45,924</u>	<u>151,366</u>	<u>-</u>	<u>197,290</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid expenses	2,571	-	-	2,571
Restricted for:				
Emergencies	2,300	-	-	2,300
Debt service	-	55,697	-	55,697
Assigned				
Subsequent year's expenditures	7,662	-	-	7,662
Unassigned	37,211	-	-	37,211
<b>Total fund balances</b>	<u>49,744</u>	<u>55,697</u>	<u>-</u>	<u>105,441</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 101,669</u>	<u>\$ 207,063</u>	<u>\$ -</u>	

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

Long-term liabilities, including bonds payable, developer advances and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Loan payable	(5,320,000)
Accrued interest payable on loan	<u>(19,329)</u>
Net position of governmental activities	<u>\$ (5,233,888)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.



**NEIGHBORS POINT METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2022**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 15,357	\$ 99,818	\$ -	\$ 115,175
TIFF pass-thru property taxes	10,091	65,590	-	75,681
Specific ownership tax	11,365	-	-	11,365
Investment income	3,512	72	7,387	10,971
<b>Total revenues</b>	<u>40,325</u>	<u>165,480</u>	<u>7,387</u>	<u>213,192</u>
<b>EXPENDITURES</b>				
General government				
Accounting	20,167	-	-	20,167
Election	2,693	-	-	2,693
Engineering	-	-	34,256	34,256
Insurance	2,981	-	-	2,981
Legal	45,181	-	8,502	53,683
Miscellaneous	1,379	-	-	1,379
Payment to Town - traffic control	-	-	250,000	250,000
Treasurers fees	231	1,498	-	1,729
Website	2,500	-	-	2,500
Debt Service				
Loan interest	-	88,944	-	88,944
Loan principal	-	80,000	-	80,000
Issuance costs	-	291,456	-	291,456
Capital outlay	-	-	8,025,356	8,025,356
<b>Total expenditures</b>	<u>75,132</u>	<u>461,898</u>	<u>8,318,114</u>	<u>8,855,144</u>
<b>Excess of revenues over (under) expenditures</b>	(34,807)	(296,418)	(8,310,727)	(8,641,952)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	5,400,000	-	5,400,000
Developer advance	65,000	-	3,573,356	3,638,356
Developer repayment	-	(125,000)	(371,000)	(496,000)
Transfers in/(out)	(4,827)	(5,103,544)	5,108,371	-
<b>Total other financing sources (uses)</b>	<u>60,173</u>	<u>171,456</u>	<u>8,310,727</u>	<u>8,542,356</u>
<b>Net change in fund balances</b>	25,366	(124,962)	-	(99,596)
<b>Fund balances - beginning</b>	<u>24,378</u>	<u>180,659</u>	<u>-</u>	<u>205,037</u>
<b>Fund balances - ending</b>	<u>\$ 49,744</u>	<u>\$ 55,697</u>	<u>\$ -</u>	<u>\$ 105,441</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**NEIGHBORS POINT METROPOLITAN DISTRICT**

**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**

Net change in fund balances - governmental funds	\$	(99,596)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset.</p>		
Capital outlay		8,025,356
Conveyance of assets to other governmental entities		(8,025,356)
<p>Long-term debt (e.g. loans, developer advance) provides current resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Developer advances		(3,638,356)
Developer repayment		496,000
Loan proceeds		(5,400,000)
Loan principal payment		80,000
Forgiveness of developer advances		3,142,356
<p>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.</p>		
Accrued interest payable on loan - change in liability		<u>(19,329)</u>
Change in net position of governmental activities	\$	<u><u>(5,438,925)</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**NEIGHBORS POINT METROPOLITAN DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended December 31, 2022**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 15,338	\$ 15,357	\$ 19
TIFF pass-thru property taxes	10,112	10,091	(21)
Specific ownership tax	8,641	11,365	2,724
Investment income	200	3,512	3,312
<b>Total revenues</b>	<u>34,291</u>	<u>40,325</u>	<u>6,034</u>
<b>EXPENDITURES</b>			
Accounting	25,000	20,167	4,833
Election	3,000	2,693	307
Insurance	3,000	2,981	19
Legal	40,000	45,181	(5,181)
Office supplies and other	2,000	1,379	621
Treasurers fees	230	231	(1)
Website	-	2,500	(2,500)
Contingency	25,000	-	25,000
<b>Total expenditures</b>	<u>98,230</u>	<u>75,132</u>	<u>23,098</u>
<b>Excess of revenue over (under) expenditures</b>	(63,939)	(34,807)	29,132
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advance	35,000	65,000	30,000
Transfers in/(out)	-	(4,827)	(4,827)
<b>Total other financing sources (uses)</b>	<u>35,000</u>	<u>60,173</u>	<u>25,173</u>
<b>Net change in fund balances</b>	(28,939)	25,366	54,305
<b>Fund balances - beginning</b>	<u>39,725</u>	<u>24,378</u>	<u>(15,347)</u>
<b>Fund balances - ending</b>	<u>\$ 10,786</u>	<u>\$ 49,744</u>	<u>\$ 38,958</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

## **Neighbors Point Metropolitan District**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

#### **Note 1 – Definition of Reporting Entity**

Neighbors Point Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 2, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area boundaries are located in the Town of Firestone, Colorado (Town) in Weld County, Colorado (County). The District was established principally to coordinate the financing of public improvements, including streets, traffic safety controls, street lighting, landscaping, water, storm drainage, and park and recreation improvements.

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, including the Town.

#### **Note 2 – Summary of Significant Accounting Policies**

##### **Government-Wide and Fund Financial Statements**

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

## Neighbors Point Metropolitan District

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

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 fund financial statements.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 reported 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.

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

## **Neighbors Point Metropolitan District**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2022**

#### **Budgetary Information**

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

The District has amended its annual budget for the year ended December 31, 2022.

#### **Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

#### **Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The 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 inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

#### **Capital Assets**

Capital assets, which include infrastructure (e.g., potable water and sanitary sewer systems, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

## Neighbors Point Metropolitan District

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated.

#### **Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that 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.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make 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 expenditures during the reporting period. Actual results could differ from those estimates.

#### **Equity**

##### Net Position

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

##### Fund Balance

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

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

Non-spendable 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 is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

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.

**Note 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	\$ 50,040
Cash and investments-Restricted	57,830
Total cash and investments	<u>\$ 107,870</u>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 45,006
Investments	62,864
Total cash and investments	<u>\$ 107,870</u>



## **Neighbors Point Metropolitan District**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2022**

#### **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 bank balance and a carrying balance of \$45,006.

#### **Investments**

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

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

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

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

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

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2022, the District had the following investments:

<b>Investment</b>	<b>Amount</b>
Colorado Surplus Asset Fund Trust (CSAFE)	\$ 62,864
Total investments	<u>\$ 62,864</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios: CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE 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. .

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investment in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

**Note 4 – Capital assets**

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 8,025,356	\$8,025,356	\$ -
Total capital assets, not being depreciated	-	8,025,356	8,025,356	-
Governmental activities capital asset, net	\$ -	\$ 8,025,356	\$8,025,356	\$ -

Pursuant to the Amended and Restated Service Plan the District dedicated all of the completed Service Plan Contemplated Public Infrastructure to the Town during 2022.

**Note 5 – Long-Term Obligations**

Changes in long-term debt for the year ended December 31, 2022 are summarized as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Notes from Direct Borrowers and Direct Placements:					
Loan - Series 2022	\$ -	\$ 5,400,000	\$ 80,000	\$ 5,320,000	\$ 45,000
Other:					
Developer Advances - Operating	-	65,000	65,000	-	-
Developer Advances - Capital	-	3,573,356	3,573,356	-	-
	\$ -	\$ 9,038,356	\$ 3,718,356	\$ 5,320,000	\$ 45,000

**Loan - Series 2022**

**Loan Details**

On July 15, 2022, the District entered into \$5,400,000 Limited Tax General Obligation Loan, Series 2022 (the 'Series 2022 Loan') for the purposes of: i) reimbursing project costs related to the development; and ii) paying the costs incurred in connection with the Series 2022 Loan.

The Series 2022 Loan has a fixed interest rate of 4.36% payable semi-annually on June 1 and December 1, beginning on December 1, 2022. Interest not paid when due shall remain due and owing, but shall not compound or bear additional interest. Principal payments are due on December 1, beginning on December 1, 2022. The

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

Series 2022 Loan matures on December 1, 2037. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the obligation, including all payments of principal, prepayment fee, if any, and interest, and all obligations under the Series 2022 Loan will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

**Optional Prepayment**

The District may, at its option, prepay the Series 2022 Loan in whole, or with the consent of the Lender, in part, on any interest payment date, on or after the date upon payment to the Lender of the principal amount so prepaid together with i) accrued interest thereon at the rate then borne by the Loan to the date the Lender receives such prepayment and; ii) any prepayment fee as noted in the table below.

<u>Date of Prepayment</u>	<u>Prepayment Fee</u>
Prior to July 15, 2024	3.00%
July 15, 2024, to July 14, 2026	2.00%
July 15, 2026, to July 14, 2027	1.00%
July 15, 2027, and thereafter	0.00%

**Security**

The Series 2022 Loan is secured by and payable from moneys derived by the District from the following sources, net of any costs of collection: i) the Required Mill Levy; ii) the District Tax Levy Revenues, as and to the extent received by the District; iii) the portion of Specific Ownership Tax allocated to the amount of the Required Mill Levy; iv) any PILOT Revenue; and iii) any other legally available moneys which the District determines, in its absolute discretion to apply as pledged revenue.

**Required Mill Levy**

Pursuant to the Loan Agreement, prior to the time when the Debt to Assessed Ratio is 50% or less the District has covenanted to impose a Required Mill Levy in an amount which, when combined with any moneys in the Revenue Fund not required to be applied to the payment of the Loan in the then-current Fiscal Year, will generate property tax revenues of not less than the Debt Requirements for the next Fiscal Year but not in excess of 50 mills (subject to adjustment). Once the Debt to Assessed Ratio is 50% or less, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount which, when combined with any moneys in the Revenue Fund not required to be applied to the payment of the Loan in the then-current Fiscal Year, will generate property tax revenues of not less than the Debt Requirements for the next Fiscal Year, without limitation of rate and in amounts sufficient to make such payments when due subject to vote as outlined in the Loan Agreement.

## Neighbors Point Metropolitan District

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for debt to 50 mills (subject to adjustment) for so long as the total amount of aggregate debt of the District exceeds 50% of the District's assessed valuation. At such time as the total amount of aggregate debt of the District is equal to or less than 50% of the District's assessed valuation the mill levy to be imposed to repay such portion of debt shall not be subject to the maximum debt mill levy.

#### **Events of Default**

The District's Series 2022 Loan from direct borrowings and direct placements related to governmental activities of \$5,400,000 contains a provision regarding certain events of default, for which acceleration is not a remedy. Upon the occurrence of an Event of Default, the Lender may, in addition to the application of the default rate, apply all Pledged Revenue to the unpaid principal of the Series 2022 Loan and all interest accrued and unpaid. Events of default occur if the District does not impose the Required Mill Levy, does not make payments of principal and interest when due to the extent funds are available, and other customary terms and conditions with normal municipal financings.

The District's long-term obligations will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 45,000	\$ 231,952	\$ 276,952
2024	60,000	229,990	289,990
2025	65,000	227,374	292,374
2026	75,000	224,540	299,540
2027	75,000	221,270	296,270
2028-2032	495,000	1,050,106	1,545,106
2033-2037	4,505,000	925,846	5,430,846
	<u>\$ 5,320,000</u>	<u>\$ 3,111,078</u>	<u>\$ 8,431,078</u>

#### **Advance and Reimbursement Agreement**

The District entered into an Advance and Reimbursement Agreement dated January 12, 2005 with I & J Partnership, LP. I & J Partnership, LP agreed to advance funds for ongoing construction, operations and maintenance expenses incurred by the District. The District is to reimburse I & J Partnership, LP, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. The agreement shall continue until fully performed or terminated by the mutual agreement of the parties. The agreement was terminated during 2022 – see termination agreement below.

## **Neighbors Point Metropolitan District**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2022**

#### **Infrastructure Acquisition Agreement**

The District entered into an Infrastructure Acquisition Agreement dated September 20, 2018, which was amended on December 26, 2018 (First Amendment), with Melody Homes, Inc and I & J Partnership, LP to repay advances and/or costs incurred by I & J Partnership, LP for certain verified capital improvement costs. The District agrees to repay I & J Partnership, LP for such capital improvement advances plus simple interest accruing at the rate of 7% per annum from the date of the applicable District Acceptance Resolution for District Eligible Costs until paid in full. The District is to reimburse I & J Partnership, LP, subject to annual appropriation and budget approval. This agreement shall continue until fully performed or terminated by the mutual agreement of the parties. The agreement was terminated during 2022 – see termination agreement below.

#### **Termination of Infrastructure Acquisition Agreement and Advance and Reimbursement Agreement**

The District entered into a Termination of Infrastructure Acquisition Agreement and Advance and Reimbursement Agreement on November 16, 2022, with Melody Homes, Inc and I & J Partnership, LP. The parties acknowledge that the agreements are terminated as of the date of this agreement and are of no further force or effect. Melody Homes, Inc and I & J Partnership, LP agree and acknowledge that, as of the date of this agreement, there are no outstanding reimbursements owed by the District under the Infrastructure Acquisition Agreement and Advance and Reimbursement Agreement. As a result of the termination agreement, the District recognized \$3,142,356 as a special item for Forgiveness of Debt on the Statement of Activities in 2022.

#### **Debt Authorization**

At elections held on November 2, 2004 and November 4, 2014, the District's electorate authorized the issuance of indebtedness in an amount not to exceed \$61,150,000 at an interest rate not to exceed 18% per annum.

Pursuant to the District's Amended and Restated Service Plan approved June 8, 2022, the District is limited to issuing \$7,000,000 in debt. After the issuance of the 2022 Loan, the District has \$1,600,000 remaining debt authorization under its Service Plan. In addition, the maximum mill levy for debt service of the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District.

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

as it occurs with the District's service area within the limitations of the District's Service Plan.

**Note 6 – Agreements**

**Intergovernmental Agreement with the Town of Firestone**

In January, 2005, the District entered into an Intergovernmental Agreement with the Town of Firestone, as amended by the First Amendment to the Intergovernmental Agreement on March 19, 2013, and as amended by the Amended and Restated Intergovernmental Agreement (Town IGA) on June 30, 2022 pursuant to the requirements of the Amended and Restated Service Plan. Under the Town IGA, the District covenants to dedicate public improvements to the Town or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the Town's standards and specifications. The Town IGA states that the District is authorized to operate and maintain improvements that are not dedicated to the Town or another entity. Pursuant to the District's Amended and Restated Service Plan, the District agrees to annually impose, collect and remit to the Town all revenues generated from a levy of three (3) mills for purposes of defraying the Town's ongoing operations and maintenance expenses associated with the public improvements within or without the boundaries of the District and which directly benefit the taxpayers, property owners, and residents of the District. The Town IGA states that within thirty (30) days of closing on the issuance of the District's indebtedness, the District shall transfer to the Town \$250,000 for the purpose of the Town constructing certain traffic calming improvements on Town owned and maintained streets within the District. The transfer of \$250,000 was made to the Town in 2022.

**Cooperation Agreement with the Firestone Urban Renewal Authority**

On June 12, 2013, the District entered into a Cooperation Agreement with Firestone Urban Renewal Authority (FURA) wherein tax increment financing is applied to certain parcels in the District. Per the Agreement, FURA agrees to pay to the District all property tax revenues received by FURA upon taxable property within the Urban Renewal Area.

**Note 7 – Net Position**

The District's net position consists of two components – restricted and unrestricted.

Restricted assets include 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:

**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

	<u><b>Governmental Activities</b></u>
Restricted net position:	
Emergency reserve	\$ 2,300
Debt service	55,697
Total restricted net position	<u>\$ 57,997</u>

The District had a deficit unrestricted net position as of December 31, 2022. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**Note 8 – Interfund Transfers**

The transfer from the Debt Service Fund to the Capital Projects Fund was made to transfer the loan proceeds to the project fund per the loan agreement. The transfer from the General Fund to the Capital Projects Fund was to fund capital expenditures.

**Note 9 – 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"). The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' 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.

**Note 10- Tax, Spending and Debt Limitation**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth.



**Neighbors Point Metropolitan District**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2022**

Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary and benefit increases.

A majority of the District's electors has authorized the District to collect revenues without regard to the TABOR limits.

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.

\* \* \* \* \*

SUPPLEMENTAL INFORMATION

**NEIGHBORS POINT METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended December 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 99,696	\$ 99,696	\$ 99,818	\$ 122
TIFF pass-thru property taxes	66,731	66,731	65,590	(1,141)
Investment income	-	-	72	72
<b>Total revenues</b>	<u>166,427</u>	<u>166,427</u>	<u>165,480</u>	<u>(947)</u>
<b>EXPENDITURES</b>				
General government				
County treasurer's fees	1,495	1,495	1,498	(3)
Contingency	310,821	-	-	-
Debt Service				
Loan principal	-	80,000	80,000	-
Loan interest	-	84,932	88,944	(4,012)
Issuance costs	-	352,500	291,456	61,044
<b>Total expenditures</b>	<u>312,316</u>	<u>518,927</u>	<u>461,898</u>	<u>57,029</u>
<b>Excess of revenue over (under) expenditures</b>	(145,889)	(352,500)	(296,418)	56,082
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	5,125,000	5,400,000	275,000
Loan premium	-	1,000,000	-	(1,000,000)
Developer repayment	(35,000)	(180,659)	(125,000)	55,659
Transfers in/(out)	-	(5,772,500)	(5,103,544)	668,956
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>171,841</u>	<u>171,456</u>	<u>(385)</u>
<b>Net change in fund balances</b>	(180,889)	(180,659)	(124,962)	55,697
<b>Fund balances - beginning</b>	<u>180,889</u>	<u>180,659</u>	<u>180,659</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,697</u>	<u>\$ 55,697</u>

**NEIGHBORS POINT METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 7,387	\$ 7,387
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>7,387</b>	<b>7,387</b>
<b>EXPENDITURES</b>				
Engineering	-	-	34,256	(34,256)
Legal	-	-	8,502	(8,502)
Payment to Town - traffic control	-	-	250,000	(250,000)
Contingency	-	1,000,000	-	1,000,000
Capital outlay	-	6,000,000	8,025,356	(2,025,356)
<b>Total expenditures</b>	<b>-</b>	<b>7,000,000</b>	<b>8,318,114</b>	<b>(1,318,114)</b>
<b>Excess of revenue over (under) expenditures</b>	<b>-</b>	<b>(7,000,000)</b>	<b>(8,310,727)</b>	<b>(1,310,727)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advance	-	6,000,000	3,573,356	(2,426,644)
Developer repayment	-	(4,772,500)	(371,000)	4,401,500
Transfers in/(out)	-	5,772,500	5,108,371	(664,129)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>7,000,000</b>	<b>8,310,727</b>	<b>1,310,727</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>