

Vintage Reserve Metropolitan District

Financial Statements

Year Ended December 31, 2021

with

Independent Auditors' Report

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Crady, Puca & Associates

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Vintage Reserve Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Vintage Reserve Metropolitan District as of and for the year ended December 31, 2021, and related notes to the financial statements, which collectively comprise Vintage Reserve Metropolitan 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 Vintage Reserve Metropolitan District as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vintage Reserve Metropolitan District (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 Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Debt Service Fund on page 16 is presented for 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 financial statements. The 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.

Other Information

Management is responsible for the other information. The other information comprises Summary of Assessed Valuation, Mill Levy and Property Taxes Collected on page 17 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crady, Puca & Associates

Aurora, Colorado
June 24, 2022

VINTAGE RESERVE METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION

GOVERNMENTAL FUNDS

December 31, 2021

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net Position
ASSETS					
Cash and investments	\$ 101,807	\$ -	\$ 101,807	\$ -	\$ 101,807
Cash and investments - restricted	1,092	168,628	169,720	-	169,720
Receivable - County Treasurer	107	1,068	1,175	-	1,175
Property taxes receivable	12,330	221,953	234,283	-	234,283
Prepaid expenses	2,842	-	2,842	-	2,842
Prepaid debt insurance, net of accumulated amortization	-	-	-	26,648	26,648
Total Assets	<u>118,178</u>	<u>391,649</u>	<u>509,827</u>	<u>26,648</u>	<u>536,475</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	274,788	274,788
Total Deferred Outflows of Resources	-	-	-	274,788	274,788
Total Assets and Deferred Outflows of Resources	<u>\$ 118,178</u>	<u>\$ 391,649</u>	<u>\$ 509,827</u>		
LIABILITIES					
Accounts payable	\$ 2,597	\$ -	\$ 2,597	-	2,597
Accrued interest on bonds	-	-	-	12,027	12,027
Long-term liabilities:					
Due within one year	-	-	-	90,000	90,000
Due in more than one year	-	-	-	4,337,063	4,337,063
Total Liabilities	<u>2,597</u>	<u>-</u>	<u>2,597</u>	<u>4,439,090</u>	<u>4,441,687</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>12,330</u>	<u>221,953</u>	<u>234,283</u>	<u>-</u>	<u>234,283</u>
Total Deferred Inflows of Resources	<u>12,330</u>	<u>221,953</u>	<u>234,283</u>	<u>-</u>	<u>234,283</u>
FUND BALANCES					
Fund Balances:					
Nonspendable:					
Prepays	2,842	-	2,842	(2,842)	-
Restricted:					
Emergencies	1,092	-	1,092	(1,092)	-
Debt service	-	169,696	169,696	(169,696)	-
Unassigned	<u>99,317</u>	<u>-</u>	<u>99,317</u>	<u>(99,317)</u>	<u>-</u>
Total Fund Balances	<u>103,251</u>	<u>169,696</u>	<u>272,947</u>	<u>(272,947)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 118,178</u>	<u>\$ 391,649</u>	<u>\$ 509,827</u>		
NET POSITION					
Restricted for:					
Emergencies				1,092	1,092
Debt service				157,669	157,669
Unrestricted				<u>(4,023,468)</u>	<u>(4,023,468)</u>
Total Net Position				<u>\$ (3,864,707)</u>	<u>\$ (3,864,707)</u>

The notes to the financial statements are an integral part of these statements.

VINTAGE RESERVE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES					
Accounting	\$ 5,418	\$ -	\$ 5,418	\$ -	\$ 5,418
Audit	4,200	-	4,200	-	4,200
Insurance	3,131	-	3,131	-	3,131
Legal	9,227	-	9,227	-	9,227
Miscellaneous expenses	214	-	214	-	214
Treasurer's fees	336	3,363	3,699	-	3,699
Bond principal	-	85,000	85,000	(85,000)	-
Bond interest expense	-	145,600	145,600	23,293	168,893
Paying agent fees	-	800	800	-	800
Amortization of prepaid bond insurance	-	-	-	1,036	1,036
Total Expenditures	<u>22,526</u>	<u>234,763</u>	<u>257,289</u>	<u>(60,671)</u>	<u>196,618</u>
GENERAL REVENUES					
Property taxes	22,396	223,957	246,353	-	246,353
Specific ownership taxes	1,713	17,135	18,848	-	18,848
Interest income	<u>250</u>	<u>143</u>	<u>393</u>	<u>-</u>	<u>393</u>
Total General Revenues	<u>24,359</u>	<u>241,235</u>	<u>265,594</u>	<u>-</u>	<u>265,594</u>
NET CHANGES IN FUND BALANCES	1,833	6,472	8,305	(8,305)	
CHANGE IN NET POSITION				68,976	68,976
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>101,418</u>	<u>163,224</u>	<u>264,642</u>	<u>(4,198,325)</u>	<u>(3,933,683)</u>
END OF YEAR	<u>\$ 103,251</u>	<u>\$ 169,696</u>	<u>\$ 272,947</u>	<u>\$ (4,137,654)</u>	<u>\$ (3,864,707)</u>

The notes to the financial statements are an integral part of these statements.

VINTAGE RESERVE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2021

	Original And <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 22,396	\$ 22,396	\$ -
Specific ownership taxes	1,680	1,713	33
Interest income	<u>1,000</u>	<u>250</u>	<u>(750)</u>
Total Revenues	<u>25,076</u>	<u>24,359</u>	<u>(717)</u>
EXPENDITURES			
Accounting	8,000	5,418	2,582
Audit	4,300	4,200	100
Insurance	3,600	3,131	469
Legal	15,000	9,227	5,773
Election	2,500	-	2,500
Miscellaneous expenses	500	214	286
Treasurer's fees	336	336	-
Contingency	93,649	-	93,649
Emergency reserve	<u>1,017</u>	<u>-</u>	<u>1,017</u>
Total Expenditures	<u>128,902</u>	<u>22,526</u>	<u>106,376</u>
NET CHANGE IN FUND BALANCE	(103,826)	1,833	105,659
FUND BALANCE:			
BEGINNING OF YEAR	<u>103,826</u>	<u>101,418</u>	<u>(2,408)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 103,251</u>	<u>\$ 103,251</u>

The notes to the financial statements are an integral part of these statements.

Vintage Reserve Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Vintage Reserve Metropolitan District, (“the District”), located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in 2003 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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. *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*.

Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no fiduciary funds.

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 the 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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

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

Budgetary Accounting

Budgets are adopted on a GAAP basis for the governmental funds. 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 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. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition.

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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report 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(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Discount, Prepaid Debt Insurance and Loss on Refunding

The original issue discount, prepaid debt insurance and loss on refunding from the Series 2017 Bonds are being amortized over the terms of the bonds using the interest/straight-line method. Accumulated amortization of original issue discount, prepaid debt insurance and loss on refunding amounted to \$12,117, \$4,417 and \$86,951 respectively at December 31, 2021.

Long-Term Obligations

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

Capital Assets

Capital assets, including property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. All capital assets acquired or constructed by the District have been conveyed to other governments.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable fund balance in the General Fund in the amount of \$2,842 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,092 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$169,696 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2017 (see Note 4).

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. At December 31, 2021, the District did not have any amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 101,807
Cash and investments – Restricted	<u>169,720</u>
Total	<u>\$ 271,527</u>

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

Deposits with financial institutions	\$ 975
Investments – COLOTRUST	<u>270,552</u>
	<u>\$ 271,527</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. The District's investment's value is calculated using the net asset value method per share.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2021, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2021, the District had \$270,552 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

All capital assets have been conveyed to other governmental entities.

Vintage Reserve Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2021, is as follows:

General Obligation Refunding Bonds Series 2017

On September 27, 2017 the District issued General Obligation Refunding Bonds, Series 2017 ("Series 2017 Bonds") in the amount of \$4,870,000. The Series 2017 Bonds were issued for the purpose of repaying the Series 2007 Bonds, paying the costs of issuing the Series 2017 Bonds and paying the cost of bond insurance. The Series 2017 Bonds accrue interest at rates ranging from 1.5% to 3.5% payable semiannually on each June 1 and December 1, commencing on December 1, 2017. Principal payments on the Series 2017 bonds are due on December 1st of each year commencing on December 1, 2017. The Series 2017 Bonds are subject to redemption prior to maturity at the option of the District in whole or integral multiples of \$5,000 on December 1, 2027, and on any date thereafter, upon payment of par and accrued interest without redemption premium. The Series 2017 Bonds are secured by Pledged Revenues including the required mill levy imposed each year upon all taxable property of the District in an amount sufficient to pay the Debt Service Requirements as the same become due and payable, without limitations. Repayment of principal and interest was insured by Build America Mutual Assurance Company ("BAM"). As of June 26, 2017, BAM carried a rating of AA/Stable by S&P Global Ratings.

Advance refunding of debt

The Series 2017 Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds Series 2007. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$361,741. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The refunding resulted in a net present value savings of \$420,981 due to the average interest rate of the Series 2017 Bonds being lower than the refunded bonds.

Vintage Reserve Metropolitan District

Notes to Financial Statements December 31, 2021

The following is an analysis of changes in long-term debt for the period ending December 31, 2021:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
Series 2017 Bonds	\$ 4,560,000	\$ -	\$ 85,000	\$4,475,000	\$ 90,000
Original issue discount 2017 Bonds	(50,799)	-	(2,862)	(47,937)	-
Total Long Term Debt	<u>\$ 4,509,201</u>	<u>\$ -</u>	<u>\$ 82,138</u>	<u>\$4,427,063</u>	<u>\$ 90,000</u>

The following is a summary of the annual long-term debt principal and interest requirements.

Year	Principal	Interest	Total
2022	\$ 90,000	\$ 144,325	\$ 234,325
2023	95,000	142,975	237,975
2024	100,000	140,600	240,600
2025	100,000	138,100	238,100
2026	110,000	135,600	245,600
2027 - 2031	620,000	631,050	1,251,050
2032 - 2036	795,000	526,213	1,321,213
2037 - 2041	1,005,000	381,400	1,386,400
2042 - 2046	1,270,000	188,475	1,458,475
2047	290,000	10,150	300,150
	<u>\$4,475,000</u>	<u>\$ 2,438,888</u>	<u>\$ 6,913,888</u>

Note 5: Debt Authorization

As of December 31, 2021, the District had remaining voted debt authorization of approximately \$70,775,000. In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this audit, the amount and timing of any debt issuances is not determinable. Per the District's Service Plan, the District will issue bonds in an amount sufficient to permit the District to construct all or a portion of the needed facilities. In addition, the District shall have the ability to issue such additional debt as may be necessary to support future capital requirements of the District, and in accordance with Colorado law.

Vintage Reserve Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 6: Tax, Spending and Debt Limitations

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

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

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

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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (“the Pool”) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Vintage Reserve Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Prepaid bond insurance and deferred loss on refunding used in government activities are not a financial resource and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable, bond discount and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report prepaid bond insurance as expenditures, and loss on refunding as a deferred outflow of resources, however, in the statement of activities, the cost of prepaid bond insurance and the loss on refunding is amortized over the term of the bonds;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities; and
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

VINTAGE RESERVE METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 223,957	\$ 223,957	\$ -
Specific ownership taxes	16,797	17,135	338
Interest income	<u>6,000</u>	<u>143</u>	<u>(5,857)</u>
Total Revenues	<u>246,754</u>	<u>241,235</u>	<u>(5,519)</u>
EXPENDITURES			
Treasurer's fees	3,359	3,363	(4)
Bond principal	85,000	85,000	-
Bond interest expense	145,600	145,600	-
Paying agent fees	<u>5,000</u>	<u>800</u>	<u>4,200</u>
Total Expenditures	<u>238,959</u>	<u>234,763</u>	<u>4,196</u>
NET CHANGE IN FUND BALANCE	7,795	6,472	(1,323)
FUND BALANCE:			
BEGINNING OF YEAR	<u>161,366</u>	<u>163,224</u>	<u>1,858</u>
END OF YEAR	<u><u>\$ 169,161</u></u>	<u><u>\$ 169,696</u></u>	<u><u>\$ 535</u></u>

The notes to the financial statements are an integral part of these statements.

Vintage Reserve Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2021

(Unaudited)

<u>Year Ended</u> <u>December 31,</u>	Prior	Year Assessed		Valuation		Percent	
	Year	Property		for Current		Collected	
	Tax Levy	Mills Levied		Total Property Tax		to Levied	
		<u>Fund</u>	<u>Service</u>	<u>Levied</u>	<u>Collected</u>		
2005	\$ 38,420	5.000	45.000	\$ 1,920	\$ 1,921	100.05%	
2006	\$ 1,586,280	5.000	45.000	\$ 79,313	\$ 79,314	100.00%	
2007	\$ 5,058,170	5.000	45.000	\$ 252,909	\$ 252,909	100.00%	
2008	\$ 8,380,220	5.000	45.000	\$ 419,011	\$ 419,001	100.00%	
2009	\$ 8,865,040	5.000	40.000	\$ 398,927	\$ 398,737	99.95%	
2010	\$ 8,788,380	4.000	38.000	\$ 369,112	\$ 368,829	99.92%	
2011	\$ 8,792,010	3.500	37.000	\$ 356,076	\$ 355,613	99.87%	
2012	\$ 8,387,975	3.500	37.000	\$ 339,713	\$ 339,713	100.00%	
2013	\$ 8,391,603	3.500	37.000	\$ 339,860	\$ 339,859	100.00%	
2014	\$ 8,602,420	3.500	37.000	\$ 348,398	\$ 348,398	100.00%	
2015	\$ 8,622,471	3.500	37.000	\$ 349,210	\$ 349,210	100.00%	
2016	\$ 9,680,729	3.500	37.000	\$ 392,070	\$ 392,070	100.00%	
2017	\$ 9,680,729	3.500	37.000	\$ 392,070	\$ 392,070	100.00%	
2018	\$ 10,402,521	3.500	23.000	\$ 275,667	\$ 275,667	100.00%	
2019	\$ 10,409,812	3.500	23.000	\$ 275,860	\$ 275,860	100.00%	
2020	\$ 11,184,957	2.000	20.000	\$ 246,069	\$ 246,069	100.00%	
2021	\$ 11,197,844	2.000	20.000	\$ 246,353	\$ 246,353	100.00%	
Estimated for year ending December 31, 2022	\$ 12,330,695	1.000	18.000	\$ 234,283			

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.