

800 Hoyt Metropolitan District
Financial Statements
Year Ended December 31, 2021
with
Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
800 Hoyt Metropolitan District
City and County of Broomfield, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the 800 Hoyt Metropolitan District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related 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 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.

Hiratsuka & Associates, LLP

September 26, 2022
Wheat Ridge, Colorado

800 Hoyt Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 4,249	\$ -	\$ -	\$ 4,249	\$ -	\$ 4,249
Cash and investments - restricted	1,163	-	1,696	2,859	-	2,859
Receivable County Treasurer	36,103	-	154,351	190,454	-	190,454
Property taxes receivable	17,711	-	8,856	26,567	-	26,567
Developer receivable	3,855	-	-	3,855	(3,855)	-
Due from other funds	-	-	10,710	10,710	-	10,710
Capital assets, net of depreciation	-	-	-	-	3,234,455	3,234,455
Total Assets	<u>\$ 63,081</u>	<u>\$ -</u>	<u>\$ 175,613</u>	<u>\$ 238,694</u>	<u>3,230,600</u>	<u>3,469,294</u>
LIABILITIES						
Accounts payable	\$ 49,935	\$ -	\$ 3,062	\$ 52,997	-	52,997
Due to other funds	-	10,710	-	10,710	-	10,710
Accrued interest on bonds	-	-	-	-	8,054	8,054
Long-term liabilities						
Due within one year	-	-	-	-	29,708	29,708
Due in more than one year	-	-	-	-	3,648,964	3,648,964
Total Liabilities	<u>49,935</u>	<u>10,710</u>	<u>3,062</u>	<u>63,707</u>	<u>3,686,726</u>	<u>3,750,433</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>17,711</u>	-	8,856	<u>26,567</u>	-	<u>26,567</u>
Total Deferred Inflows of Resources	<u>17,711</u>	<u>-</u>	<u>8,856</u>	<u>26,567</u>	<u>-</u>	<u>26,567</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted						
Emergencies	1,163	-	-	1,163	(1,163)	-
Debt Service	-	-	163,695	163,695	(163,695)	-
Unassigned	<u>(5,728)</u>	<u>(10,710)</u>	-	<u>(16,438)</u>	16,438	-
Total Fund Balances	<u>(4,565)</u>	<u>(10,710)</u>	<u>163,695</u>	<u>148,420</u>	<u>(148,420)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 63,081</u>	<u>\$ -</u>	<u>\$ 175,613</u>	<u>\$ 238,694</u>		
Net Position:						
Restricted for:						
Emergencies					1,163	1,163
Debt service					155,641	155,641
Unrestricted					<u>(464,510)</u>	<u>(464,510)</u>
Total Net Position					<u>\$ (307,706)</u>	<u>\$ (307,706)</u>

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

800 Hoyt 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>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting & audit	\$ 16,087	\$ -	\$ -	\$ 16,087	\$ -	\$ 16,087
Engineering	8,340	-	-	8,340	-	8,340
Insurance	2,305	-	-	2,305	-	2,305
Legal	14,016	-	-	14,016	-	14,016
Miscellaneous expenses	10	-	-	10	-	10
Treasurer's fees	226	-	113	339	-	339
Developer advance interest	-	-	-	-	52,420	52,420
Unused commitment fee	-	-	6,124	6,124	-	6,124
Loan interest expense	-	-	97,892	97,892	(81)	97,811
Loan principal payment	-	-	29,708	29,708	(29,708)	-
Paying agent fees	-	-	2,500	2,500	-	2,500
Total Expenditures	<u>40,984</u>	<u>-</u>	<u>136,337</u>	<u>177,321</u>	<u>22,631</u>	<u>199,952</u>
GENERAL REVENUES						
Property taxes	15,056	-	7,528	22,584	-	22,584
Specific ownership taxes	1,244	-	6,221	7,465	-	7,465
Redevelopment reimbursement	36,009	-	53,879	89,888	-	89,888
Overlapping taxes	-	-	99,471	99,471	-	99,471
Interest and other income	64	-	-	64	-	64
Total General Revenues	<u>52,373</u>	<u>-</u>	<u>167,099</u>	<u>219,472</u>	<u>-</u>	<u>219,472</u>
NET CHANGES IN FUND BALANCES	11,389	-	30,762	42,151	(42,151)	
CHANGE IN NET POSITION					19,520	19,520
FUND BALANCES/NET ASSETS						
BEGINNING OF YEAR - RESTATED	<u>(15,954)</u>	<u>(10,710)</u>	<u>132,933</u>	<u>106,269</u>	<u>(433,495)</u>	<u>(327,226)</u>
END OF YEAR	<u>\$ (4,565)</u>	<u>\$ (10,710)</u>	<u>\$ 163,695</u>	<u>\$ 148,420</u>	<u>\$ (456,126)</u>	<u>\$ (307,706)</u>

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

800 Hoyt Metropolitan District

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

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 15,056	\$ 15,056	\$ -
Specific ownership taxes	753	1,244	491
Redevelopment reimbursement	28,038	36,009	7,971
Interest and other income	<u>-</u>	<u>64</u>	<u>64</u>
Total Revenues	<u>43,847</u>	<u>52,373</u>	<u>8,526</u>
EXPENDITURES			
Accounting & audit	7,500	16,087	(8,587)
Engineering	-	8,340	(8,340)
Insurance	3,500	2,305	1,195
Legal	18,000	14,016	3,984
Miscellaneous expenses	3,500	10	3,490
Treasurer's fees	226	226	-
Contingency	10,139	-	10,139
Emergency Reserve	<u>982</u>	<u>-</u>	<u>982</u>
Total Expenditures	<u>43,847</u>	<u>40,984</u>	<u>2,863</u>
NET CHANGES IN FUND BALANCE	-	11,389	11,389
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>(15,954)</u>	<u>(15,954)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (4,565)</u>	<u>\$ (4,565)</u>

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

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the 800 Hoyt Metropolitan District (the “District”) located in the City and County of Broomfield, Colorado, (“CCOB”), 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 on November 27, 2017 as a quasi-municipal organization established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the CCOB on September 26, 2017 (the “Service Plan”). The District was established to issue debt and collect tax revenues to pay off debt and to fund the construction, operations and maintenance of the public services and facilities of the District. The District is governed by an elected Board of Directors. During 2021, property taxes and TIF taxes were the District’s primary revenue source.

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 GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides 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.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

Basis of Presentation

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

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.

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. Property taxes are recognized as revenues in the year for which they are collected.

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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

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.

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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-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. Total expenditures in the Debt Service Fund exceeded total appropriations, which may be a violation of State Budget Law.

Assets, Liabilities, Deferred Outflows/Inflows of Resources 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. Investments for the government are reported at fair value.

800 Hoyt Metropolitan District

Notes to Financial Statements December 31, 2021

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 management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 has no items to report under this category.

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.

Capital Assets

Capital assets, which include 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 estimated 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. No depreciation expense was recognized during 2021.

800 Hoyt 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

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.

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 \$1,163 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 \$166,757 is restricted for the payment of the debt service costs associated with the Special Revenue and Tax Supported Advancing Improvement Loan, Series 2020.

800 Hoyt 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 other 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.

The District has a deficit in both the General Fund and the Capital Project Fund at December 31, 2021, it is anticipated that the deficit will be eliminated with property tax collections in 2022.

Restated Beginning Fund Balance

The beginning fund balance of the Debt Service Fund was restated to include additional revenue that had not been previously reported.

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. The District has no 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.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

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.

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	\$ 4,249
Cash and investments - Restricted	<u>2,859</u>
Total	\$ <u>7,108</u>

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

Deposits with financial institutions	\$ 7,083
Investments – COLOTRUST	<u>25</u>
	\$ <u>7,108</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 follows state statutes for deposits.

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 investing pools.

Custodial and Concentration of Credit Risk

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

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

Interest Rate Risk

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

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 investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

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

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. COLOTRUST 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. On December 31, 2021, the District had \$25 invested in COLOTRUST Plus+.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets

An analysis for the changes in capital assets for the year ended December 31, 2021, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 3,234,455	\$ -	\$ -	\$ 3,234,455
Total capital assets not being depreciated:	<u>3,234,455</u>	<u>-</u>	<u>-</u>	<u>3,234,455</u>
Government type assets, net	<u>\$ 3,234,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,234,455</u>

Upon completion and acceptance, certain fixed assets will be conveyed by the District to other local governments. The District will only be responsible for maintenance on fixed assets not conveyed to other entities.

Note 4: Long Term Debt

Special Revenue and Tax Supported Advancing Improvement Loan, Series 2020

On August 1, 2020 the District entered into a Loan Agreement with Zion Bancorporation, N.A. DBA Vectra Bank Colorado, (the “Bank”) whereby the Bank agreed to loan the District up to \$6,000,000 (“2020 Loan”) for the purpose of paying or reimbursing Project Costs, and paying the cost of issuance of the 2020 Loan. On August 3, 2020, the District drew down \$2,970,800. The 2020 Loan bears interest at the rate of 3.25% . Interest payments are payable semiannually on each June 1 and December 1, commencing December 1, 2020. The interest rate resets on December 1, 2027 and on each five-year anniversary of such date occurring prior to December 1, 2049, the maturity date. A non-use fee of .2% is charged on any amount not drawn on the loan, calculated quarterly on the unfunded portion and payable semi-annually. The 2020 Loan may not be prepaid during the first 3 years after the Closing Date and during the first 3 years of each 5-year period occurring between Rate Reset Dates. During the 4 – 7th year after the Closing Date and during the 4th and 5th years occurring between Rate Reset Dates, the Loan may be prepaid in whole, but not part, upon payment of the current loan balance plus accrued and unpaid interest without prepayment fee, premium or penalty.

The 2020 Loan is secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, the Pledged Development Agreement Revenue, and any other legally available moneys as determined by the District.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

The following is a summary of the annual long-term debt principal and interest requirements for the 2020 Loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 29,708	\$ 96,913	\$ 126,621
2023	96,551	95,934	192,485
2024	89,124	93,007	182,131
2025	96,551	89,816	186,367
2026	103,978	86,634	190,612
2027-2031	586,733	380,529	967,262
2032-2036	683,284	275,623	958,907
2037-2041	475,328	172,132	647,460
2042-2046	438,193	99,415	537,608
2047-2049	341,642	22,781	364,423
	<u>\$ 2,941,092</u>	<u>\$ 1,412,784</u>	<u>\$ 4,353,876</u>

Facilities Funding and Acquisition Agreement

The District and 800 Hoyt, LLC (the “Initial Developer”) entered into a Facilities Funding and Acquisition Agreement dated effective as of December 13, 2017 (the “FFAA”). The Initial Developer assigned the FFAA to Hoyt Development, LLC (the Developer”) pursuant to the Assignment of Facilities Funding and Acquisition Agreement, dated July 22, 2020. The FFAA provides that the Developer will either construct or cause to have constructed the public improvements which the District will acquire after they have been completed and the Developer has complied with the steps outlined in the FFAA; or the Developer will initially fund the construction and installation of the public improvements by the District subject to reimbursement as provided therein. The District agreed to reimburse such advances, together with interest thereon, at a rate equal to 8%. In the event the District is unable to reimburse the Developer for Developer Advances or the acquisition of Project Improvements within thirty (30) years of the date of the advancement, any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full.

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

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Current</u> <u>Portion</u>
Direct Borrowings					
Series 2020 Loan	\$ 2,970,800	\$ -	\$ 29,708	\$ 2,941,092	\$ 29,708
Developer advance - principal	655,255	8,362	-	663,617	-
Developer advance - interest	21,543	52,420	-	73,963	-
	<u>\$ 2,970,800</u>	<u>\$ 60,782</u>	<u>\$ 29,708</u>	<u>\$ 3,678,672</u>	<u>\$ 29,708</u>

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

Debt Authorization

As of December 31, 2021, the District has \$162,029,2000 remaining voted debt authorized and unissued. The District has not budgeted to issue any new debt during 2022. Per the District's Service Plan, the District cannot issue debt in excess of \$6,000,000.

Note 5: Related Party

All of the Board of Directors are owners, officers, employees, or otherwise associated with the developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

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 District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

800 Hoyt Metropolitan District

Notes to Financial Statements
December 31, 2021

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.

Note 8: Other Agreements

Redevelopment and Reimbursement Agreement

Broomfield Urban Renewal Authority (the "Authority") and 800 Hoyt, LLC entered into a Redevelopment and Reimbursement Agreement ("Redevelopment Agreement"). On July 22, 2020, 800 Hoyt, LLC assigned its rights and obligations with respect to the Assigned TIF Revenues, to be paid to the District for its use in connection with the financing of Eligible Improvements. The Redevelopment Agreement provides that the Authority will deposit and maintain the Available TIF Revenue, which shall be used to Reimburse the District for Eligible Improvements up to a maximum amount of \$4,076,250. The term of the agreement ends on the earlier of payment in full of all Eligible Costs or December 31, 2037. Funds received per the Redevelopment Agreement are listed as Redevelopment reimbursement income and overlapping taxes on the attached financial statements.

Note 9: 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) capital improvements used in governmental activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable 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 interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) governmental funds report developer advances and/or loan proceeds as revenue however on the Statement of Activities, these amounts are reported as an increase in long-term liabilities;; 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

800 Hoyt Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest and other income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Capital improvements	-	-	-
Total Expenditures	-	-	-
NET CHANGES IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	(10,710)	-
FUND BALANCE - END OF YEAR	\$ -	\$ (10,710)	\$ -

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

800 Hoyt 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 <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 7,528	\$ 7,528	\$ -
Specific ownership taxes	376	6,221	5,845
Redevelopment reimbursement	14,019	53,879	39,860
Overlapping taxes	<u>90,901</u>	<u>99,471</u>	<u>8,570</u>
 Total Revenues	 <u>112,824</u>	 <u>167,099</u>	 <u>54,275</u>
 EXPENDITURES			
Loan interest expense	97,892	97,892	-
Loan principal payment	29,708	29,708	-
Unused commitment fee	-	6,124	(6,124)
Trustee fees	-	2,500	(2,500)
Treasurer's fees	<u>113</u>	<u>113</u>	<u>-</u>
 Total Expenditures	 <u>127,713</u>	 <u>136,337</u>	 <u>(8,624)</u>
 CHANGE IN FUND BALANCE	 (14,889)	 30,762	 45,651
 FUND BALANCE - BEGINNING OF YEAR	 <u>75,733</u>	 <u>132,933</u>	 <u>57,200</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 60,844</u>	 <u>\$ 163,695</u>	 <u>\$ 102,851</u>

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