

INDY OAK TOD METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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Board of Directors
Indy Oak TOD Metropolitan District
Jefferson County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Indy Oak TOD 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 Indy Oak TOD Metropolitan District as of December 31, 2022 , 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 (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 (GAAP), 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 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 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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental 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. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

December 6, 2023

Indy Oak TOD Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 205,303	\$ -	\$ -	\$ 205,303	\$ -	\$ 205,303
Cash and investments - restricted	16,556	613,967	355,994	986,517	-	986,517
Receivable - County Treasurer	865	850	-	1,715	-	1,715
Property taxes receivable	234,735	248,793	-	483,528	-	483,528
Homeowner receivable	523	-	-	523	-	523
Prepaid expenses	2,917	-	-	2,917	-	2,917
Capital assets not being depreciated	-	-	-	-	3,870,065	3,870,065
Total Assets	<u>\$ 460,899</u>	<u>\$ 863,610</u>	<u>\$ 355,994</u>	<u>\$ 1,680,503</u>	<u>3,870,065</u>	<u>5,550,568</u>
LIABILITIES						
Accounts payable	\$ 39,930	\$ -	\$ -	\$ 39,930	-	39,930
Accrued interest	-	-	-	-	79,288	79,288
Long-term liabilities:						
Due within one year	-	-	-	-	15,000	15,000
Due in more than one year	-	-	-	-	5,376,650	5,376,650
Total Liabilities	<u>39,930</u>	<u>-</u>	<u>-</u>	<u>39,930</u>	<u>5,470,938</u>	<u>5,510,868</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>234,735</u>	<u>248,793</u>	<u>-</u>	<u>483,528</u>	<u>-</u>	<u>483,528</u>
Total Deferred Inflows of Resources	<u>234,735</u>	<u>248,793</u>	<u>-</u>	<u>483,528</u>	<u>-</u>	<u>483,528</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,917	-	-	2,917	(2,917)	-
Restricted:						
Emergencies	16,556	-	-	16,556	(16,556)	-
Debt service	-	614,817	-	614,817	(614,817)	-
Capital projects	-	-	355,994	355,994	(355,994)	-
Unassigned	<u>166,761</u>	<u>-</u>	<u>-</u>	<u>166,761</u>	<u>(166,761)</u>	<u>-</u>
Total Fund Balances	<u>186,234</u>	<u>614,817</u>	<u>355,994</u>	<u>1,157,045</u>	<u>(1,157,045)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 460,899</u>	<u>\$ 863,610</u>	<u>\$ 355,994</u>	<u>\$ 1,680,503</u>		
Net Position:						
Net investment in capital assets					(1,506,585)	(1,506,585)
Restricted for:						
Emergencies					16,556	16,556
Debt service					535,529	535,529
Capital projects					355,994	355,994
Unrestricted					<u>154,678</u>	<u>154,678</u>
Total Net Position					<u>\$ (443,828)</u>	<u>\$ (443,828)</u>

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

Indy Oak TOD Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 16,877	\$ -	\$ -	\$ 16,877	\$ -	\$ 16,877
Election expense	300	-	-	300	-	300
Insurance	3,946	-	-	3,946	-	3,946
Legal	35,881	-	-	35,881	-	35,881
Management fees	56,225	-	-	56,225	-	56,225
Miscellaneous expenses	9,020	-	-	9,020	-	9,020
Pet waste pickup	410	-	-	410	-	410
Snow removal	56,223	-	-	56,223	-	56,223
Landscape costs	16,476	-	-	16,476	-	16,476
Water and sewer	90,935	-	-	90,935	-	90,935
Trash removal	29,670	-	-	29,670	-	29,670
Irrigation repairs	5,785	-	-	5,785	-	5,785
Utilities	3,706	-	-	3,706	-	3,706
Treasurer's fees	2,934	2,885	-	5,819	-	5,819
Bond interest expense	-	283,324	-	283,324	(39,358)	243,966
Trustee fees	-	7,000	-	7,000	-	7,000
Interest on developer advances	-	-	-	-	94,484	94,484
	<u>328,388</u>	<u>293,209</u>	<u>-</u>	<u>621,597</u>	<u>55,126</u>	<u>676,723</u>
PROGRAM REVENUES						
Homeowner fees	<u>161,365</u>	<u>-</u>	<u>-</u>	<u>161,365</u>	<u>-</u>	<u>161,365</u>
	<u>161,365</u>	<u>-</u>	<u>-</u>	<u>161,365</u>	<u>-</u>	<u>161,365</u>
Net Program Income (Expenses)	(167,023)	(293,209)	-	(460,232)	(55,126)	(515,358)
GENERAL REVENUES						
Property taxes	195,570	192,298	-	387,868	-	387,868
Specific ownership taxes	13,425	13,201	-	26,626	-	26,626
Interest and other income	<u>4,715</u>	<u>5,886</u>	<u>9,396</u>	<u>19,997</u>	<u>-</u>	<u>19,997</u>
	<u>213,710</u>	<u>211,385</u>	<u>9,396</u>	<u>434,491</u>	<u>-</u>	<u>434,491</u>
NET CHANGES IN FUND BALANCES	46,687	(81,824)	9,396	(25,741)	25,741	
CHANGE IN NET POSITION					(80,867)	(80,867)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>139,547</u>	<u>696,641</u>	<u>346,598</u>	<u>1,182,786</u>	<u>(1,545,747)</u>	<u>(362,961)</u>
END OF YEAR	<u>\$ 186,234</u>	<u>\$ 614,817</u>	<u>\$ 355,994</u>	<u>\$ 1,157,045</u>	<u>\$ (1,600,873)</u>	<u>\$ (443,828)</u>

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

Indy Oak TOD Metropolitan District

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 195,569	\$ 195,570	\$ 1
Specific ownership taxes	15,711	13,425	(2,286)
Interest and other income	50	4,715	4,665
Homeowner fees	156,480	161,365	4,885
Total Revenues	367,810	375,075	7,265
EXPENDITURES			
Accounting and audit	15,000	16,877	(1,877)
Election expense	10,000	300	9,700
Insurance	4,500	3,946	554
Legal	60,000	35,881	24,119
Management fees	65,000	56,225	8,775
Miscellaneous expenses	8,500	9,020	(520)
Pet waste pickup	3,000	410	2,590
Snow removal	15,000	56,223	(41,223)
Other maintenance	6,000	-	6,000
Landscape costs	20,500	16,476	4,024
Water and sewer	65,000	90,935	(25,935)
Trash removal	29,340	29,670	(330)
Irrigation repairs	2,000	5,785	(3,785)
Detention Pond Maintenance	2,500	-	2,500
Utilities	17,000	3,706	13,294
Treasurer's fees	2,934	2,934	-
Reserve	85,000	-	85,000
Contingency	59,646	-	59,646
Emergency reserve	12,338	-	12,338
Total Expenditures	483,258	328,388	154,870
NET CHANGE IN FUND BALANCE	(115,448)	46,687	162,135
FUND BALANCE:			
BEGINNING OF YEAR	115,448	139,547	24,099
END OF YEAR	\$ -	\$ 186,234	\$ 186,234

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

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Indy Oak TOD Metropolitan District (“District”), located in City of Lakewood, 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 on November 28, 2017, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the City of Lakewood (the “City”) on September 25, 2017 (the “Service Plan”). The District was established to provide for the design, acquisition, construction, installation, and financing of certain water, sanitation, street, safety protection, park and recreation, transportation and mosquito control improvements and services and provide covenant enforcement within the District. The District is responsible for operating and maintaining park and recreation improvements and is also required to undertake the operations and maintenance responsibilities for the public improvements that are not conveyed to the City or other governmental entities. 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.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 the accumulation of resources for, and the payment of, general long-term debt principal, interest and 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.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, 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 short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at net asset value.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 that qualify for reporting in 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 acquisition fair 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 capital 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.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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. The Nonspendable Fund Balance in the General Fund relates to prepaid expenses.

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 \$16,556 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$614,817 is restricted for the payment of the debt service costs associated with the Series 2020A Bonds (see Note 4).

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The restricted fund balance in the Capital Projects Fund in the amount of \$355,994 is restricted for the payment of the costs for capital improvements within the District.

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.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive classification 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 reports 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 of resources related to those assets.

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.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 205,303
Cash and investments - restricted	<u>986,517</u>
Total	\$ <u>1,191,820</u>

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

Deposits with financial institutions	\$ 153,017
COLOTRUST	<u>1,038,803</u>
Total	\$ <u>1,191,820</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. None of the District’s deposits were exposed to custodial credit risk.

Investments

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. This investment’s value for COLOTRUST is calculated using the net asset value method (NAV) per share.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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.

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, 2022, 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 ventures 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. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. Colotrust operates similarly to a money market fund with each share maintaining a value of \$1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District had \$1,038,803 invested in COLOTRUST.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 3,870,065	\$ -	\$ -	\$ 3,870,065
Total capital assets not being depreciated	<u>3,870,065</u>	<u>-</u>	<u>-</u>	<u>3,870,065</u>
Government type assets, net	<u>\$ 3,870,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,870,065</u>

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

\$3,220,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A and \$736,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B

On April 16, 2020, the District issued \$3,220,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A (“Series 2020A Bonds”) and \$736,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B (“Series 2020B Bonds”) for the purpose of paying or reimbursing Project Costs, paying the cost of issuance of the Bonds, and, with respect to the Series 2020A Bonds only, funding the Senior Reserve Fund and funding a portion of interest to accrue on the Series 2020A Bonds. The Series 2020A Bonds bear interest at the rate of 5.50%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The Series 2020B Bonds bear interest at the rate of 8.0%, payable annually on December 15, commencing on December 15, 2020, to the extent that Subordinate Pledged Revenue is available. The Series 2020A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2026, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2020B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on June 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

The Series 2020A Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, Senior Reserve Fund and any other legally available moneys as determined by the District. The Series 2020B Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, the amounts, if any, in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture and any other legally available moneys as determined by the District. Subsequent to year end, the Series 2020A Bonds and the Series 2020 B Bonds were paid in full. See Note 9.

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds					
Series 2020A Bonds	\$3,220,000	\$ -	\$ -	\$ 3,220,000	\$ 15,000
Series 2020B Bonds	736,000	-	-	736,000	-
Direct Borrowing					
Developer advance	1,180,932	-	-	1,180,932	-
Developer advance interest	<u>160,234</u>	<u>94,484</u>	<u>-</u>	<u>254,718</u>	<u>-</u>
Total	<u>\$5,297,166</u>	<u>\$ 94,484</u>	<u>\$ -</u>	<u>\$ 5,391,650</u>	<u>\$ 15,000</u>

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020A Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 15,000	\$ 177,100	\$ 192,100
2024	30,000	176,275	206,275
2025	30,000	174,625	204,625
2026	35,000	172,975	207,975
2027	40,000	171,050	211,050
2028-2032	265,000	817,850	1,082,850
2033-2037	410,000	729,850	1,139,850
2038-2042	605,000	597,025	1,202,025
2043-2047	860,000	403,975	1,263,975
2048-2050	<u>930,000</u>	<u>118,250</u>	<u>1,048,250</u>
	<u>\$ 3,220,000</u>	<u>\$ 3,538,975</u>	<u>\$ 6,758,975</u>

Because of the uncertainty of the timing of the principal and interest payment on the Series 2020B Bonds, no schedule of principal and interest payments is presented.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Debt Authorization

On November 7, 2017, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$35,000,000 for public improvements. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,000,000. As of December 31, 2022, the District had \$1,044,000 remaining authority under the Service Plan.

Note 5: Other Agreements

Facilities Funding and Acquisition Agreement

The District and Century at Oak Street, LLC ("Developer") entered into a Facilities Funding and Acquisition Agreement dated December 14, 2017 with an effective date of November 28, 2017, (the "FFAA"). Pursuant to the FFAA, the Developer agrees to make advances, not to exceed \$5,000,000 to the District for the purpose of funding organization expenses, construction of public improvements and the acquisition of public improvements constructed by the Developer. The District agrees to repay these advances, together with accrued interest at a rate of 8% per annum. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The FFAA further provides that if the District has not repaid or reimbursed the Developer for any organizational expenses, construction related expenses and/or verified costs by December 31, 2048, any amount of principal and accrued interest outstanding under the FFAA on such date will be deemed forever discharged and satisfied in full. At December 31, 2022, principal and interest due under this agreement was \$1,180,932 and \$254,718 respectively.

Facilities Funding and Acquisition Agreement

The District and Century at Pearson Grove, LLC ("Pearson Grove Developer") entered into a Facilities Funding and Acquisition Agreement dated March 30, 2020 with an effective date of November 28, 2017 (the "Pearson Grove FFAA"). Pursuant to the Pearson Grove FFAA, the Pearson Grove Developer agrees to make advances, not to exceed \$5,000,000 to the District for the purpose of funding organization expenses, construction of public improvements, and the acquisition of public improvements constructed by the Pearson Grove Developer. The District agrees to repay these advances, together with accrued interest at a rate of 8% per annum. The Pearson Grove FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The Pearson Grove FFAA further provides that if the District has not repaid or reimbursed the Pearson Grove Developer for any organizational expenses, construction related expenses, and/or verified costs by December 31, 2048, any amount of principal and accrued interest outstanding under the Pearson Grove FFAA on such date will be deemed forever discharged and satisfied in full. At December 31, 2022, no amount was due under this agreement.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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.

On November 7, 2017, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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.

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.

INDY OAK TOD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

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

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances 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 capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

Note 8: Subsequent Event

Subsequent to year end the District entered into a Loan Agreement with Zions Bankcorporation N.A. d/b/a Vectra Bank Colorado (“Lender”) to incur a Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Loan in the amount of \$3,804,000, Series 2023 (“Series 2023 Loan”) for the purpose of repaying the Series 2020A Bonds and the 2020B Bonds, and paying the costs of issuance. The Series 2023 Loan bears interest at the taxable rate of 6.33%, which is anticipated to convert to a tax-exempt rate of 5.06% on the Conversion Date. Interest payments on the Series 2023 Loan are due on each June 1 and December 1, commencing on December 1, 2023. Principal payments on the Series 2023 Loan are due on each December 1, commencing on December 1, 2023. The Series 2023 Loan matures on December 1, 2053.

SUPPLEMENTAL INFORMATION

Indy Oak TOD Metropolitan District

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

For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 192,298	\$ 192,298	\$ 192,298	\$ -
Specific ownership taxes	15,384	15,384	13,201	(2,183)
Interest and other income	<u>-</u>	<u>-</u>	<u>5,886</u>	<u>5,886</u>
Total Revenues	<u>207,682</u>	<u>207,682</u>	<u>211,385</u>	<u>3,703</u>
EXPENDITURES				
Bond interest expense	187,100	190,116	283,324	(93,208)
Trustee fees	4,000	7,000	7,000	-
Treasurer's fees	<u>2,884</u>	<u>2,884</u>	<u>2,885</u>	<u>(1)</u>
Total Expenditures	<u>193,984</u>	<u>200,000</u>	<u>293,209</u>	<u>(93,209)</u>
NET CHANGE IN FUND BALANCE	13,698	7,682	(81,824)	(89,506)
FUND BALANCE:				
BEGINNING OF YEAR	<u>599,403</u>	<u>599,403</u>	<u>696,641</u>	<u>97,238</u>
END OF YEAR	<u>\$ 613,101</u>	<u>\$ 607,085</u>	<u>\$ 614,817</u>	<u>\$ 7,732</u>

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

Indy Oak TOD Metropolitan District

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

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest and other income	\$ -	\$ 9,396	\$ 9,396
Total Revenues	-	9,396	9,396
EXPENDITURES			
Capital improvements	349,302	-	349,302
Total Expenditures	349,302	-	349,302
NET CHANGE IN FUND BALANCE	(349,302)	9,396	358,698
FUND BALANCE:			
BEGINNING OF YEAR	349,302	346,598	(2,704)
END OF YEAR	\$ -	\$ 355,994	\$ 355,994

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

Indy Oak TOD Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2022

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2018	\$ 352,299	106.000	0.000	\$ 37,344	\$ 14,094	37.74%
2019	\$ 754,730	56.000	55.277	\$ 83,984	\$ 83,984	100.00%
2020	\$ 2,369,065	56.611	55.664	\$ 265,987	\$ 265,987	100.00%
2021	\$ 3,245,283	56.611	55.664	\$ 364,364	\$ 360,775	99.01%
2022	\$ 3,454,618	56.611	55.664	\$ 387,867	\$ 387,868	100.00%
Estimated for year ending December 31, 2023	\$ 4,346,943	54.000	57.234	\$ 483,528		

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.