

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Financial Statements

Year Ended December 31, 2021

with

Independent Auditor's Report

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Board of Directors
Anthology West Metropolitan District No. 5
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Anthology West Metropolitan District No. 5 (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 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 Anthology West Metropolitan District No. 5 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Wipfli LLP
Lakewood, Colorado

September 30, 2022

Anthology West Metropolitan District No. 5

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

December 31, 2021

	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Adjustments</u>
ASSETS				
Cash and investments - restricted	\$ 423,581	\$ 2,663,985	\$ 3,087,566	\$
Receivable - County Treasurer	1	-	1	
Property taxes receivable	136,640	-	136,640	
Capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,458,300</u>
Total Assets	<u>\$ 560,222</u>	<u>\$ 2,663,985</u>	<u>\$ 3,224,207</u>	<u>1,458,300</u>
LIABILITIES				
Payable to District No. 6	\$ 13,843	\$ -	\$ 13,843	
Accrued interest on bonds	-	-	-	140,400
Long-term liabilities:				
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,328,300</u>
Total Liabilities	<u>13,843</u>	<u>-</u>	<u>13,843</u>	<u>5,468,700</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>136,640</u>	<u>-</u>	<u>136,640</u>	
Total Deferred Inflows of Resources	<u>136,640</u>	<u>-</u>	<u>136,640</u>	
FUND BALANCES				
Fund Balances:				
Restricted:				
Debt service	409,739	-	409,739	(409,739)
Capital projects	<u>-</u>	<u>2,663,985</u>	<u>2,663,985</u>	<u>(2,663,985)</u>
Total Fund Balances	<u>409,739</u>	<u>2,663,985</u>	<u>3,073,724</u>	<u>(3,073,724)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 560,222</u>	<u>\$ 2,663,985</u>	<u>\$ 3,224,207</u>	

Anthology West Metropolitan District No. 5

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

For the Year Ended December 31, 2021

	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement</u> <u>of</u> <u>Activities</u>
EXPENDITURES					
Treasurer's fees	\$ 1	\$ -	\$ 1	\$ -	\$ -
Bond interest expense	225,713	-	225,713	57,945	283,658
Trustee fees	7,000	-	7,000	-	7,000
Capital improvements	<u>-</u>	<u>1,458,339</u>	<u>1,458,339</u>	<u>(1,458,339)</u>	<u>-</u>
Total Expenditures	<u>232,714</u>	<u>1,458,339</u>	<u>1,691,053</u>	<u>(1,400,394)</u>	<u>290,659</u>
GENERAL REVENUES					
Property taxes	98	-	98	-	-
Specific ownership taxes	9	-	9	-	-
Interest income	<u>225</u>	<u>1,381</u>	<u>1,606</u>	<u>-</u>	<u>1,606</u>
Total General Revenues	<u>332</u>	<u>1,381</u>	<u>1,713</u>	<u>-</u>	<u>1,713</u>
NET CHANGES IN FUND BALANCES	(232,382)	(1,456,958)	(1,689,340)	1,689,340	-
CHANGE IN NET POSITION				(288,946)	(288,946)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>642,121</u>	<u>4,120,943</u>	<u>4,763,064</u>	<u>(5,410,525)</u>	<u>(647,461)</u>
END OF YEAR	<u>\$ 409,739</u>	<u>\$ 2,663,985</u>	<u>\$ 3,073,724</u>	<u>\$ (4,010,131)</u>	<u>\$ (936,407)</u>

Anthology West Metropolitan District No. 5

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

For the Year Ended December 31, 2021

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Specific ownership taxes	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Transfer to District No. 6	30,603	-	30,603
Total Expenditures	30,603	-	30,603
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,603)	-	30,603
OTHER FINANCING SOURCES (USES)			
Transfers in	30,606	-	(30,606)
Total Other Financing Sources (Uses)	30,606	-	(30,606)
NET CHANGE IN FUND BALANCE	3	-	(3)
FUND BALANCE:			
BEGINNING OF YEAR	(3)	-	3
END OF YEAR	\$ -	\$ -	\$ -

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

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Anthology West Metropolitan District No. 5 (“the District”), located in Douglas 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 is a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act to provide, in coordination with the other Districts (as defined below), the Public Improvements to the District’s service area, to be dedicated to the Town of Castle Rock (“Town”) or other appropriate jurisdiction or owner association. The Cherry Creek South Metropolitan District Nos 2-11 were subject to a consolidated service plan as approved by the Town in September 2004. On April 4, 2016 the Town of Parker approved the Amended and Restated Service Plan for Cherry Creek South Metropolitan District No. 2 and Cherry Creek South Metropolitan District No. 3 and Consolidated Service Plan for Cherry Creek South Metropolitan District No. 2 and Cherry Creek South Metropolitan District No. 3 and Anthology West Metropolitan District No. 4 (“District No. 4”), the District, and Anthology West Metropolitan District No. 6 (“District No. 6”) (collectively, “the Districts”), as amended by the First Amendment to the Consolidated Service Plan for Anthology West Metropolitan District No. 5 and Anthology West Metropolitan District No. 6. The District was organized pursuant to an Order and Decree recorded in the real property records of the Clerk and Recorder of Douglas County, Colorado on June 30, 2016. 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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

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

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the statement of governmental fund 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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

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.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and investments and accounts receivable. 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 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 fair value.

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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

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 financial 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 does not have any items that qualify for reporting under this category.

In addition to liabilities, the statement of financial 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 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. No depreciation expense was recognized during 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 or if in equal

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

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 Debt Service Fund in the amount of \$416,739 is restricted for the payment of the debt service costs associated with the Series 2019A/B Bonds (see Note 3).

The restricted fund balance in the Capital Projects Fund in the amount of \$2,656,985 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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

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.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may 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 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.

The District has a deficit in unrestricted net position as of December 31, 2021. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments – Restricted	\$ <u>3,087,566</u>
Total	\$ <u>3,087,566</u>

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

Investments - COLOTRUST	\$ <u>3,087,566</u>
Total	\$ <u>3,087,566</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:

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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

The District had no recurring fair value measurement as of December 31, 2021.

Credit Risk

The District investment policy requires that the District follow state statutes for 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, 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 COLOTRUST. 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. 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 COLOTRUST 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. As of December 31, 2021, the District had \$3,087,566 invested in COLOTRUST.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements
December 31, 2021

Note 3: Long-Term Debt

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

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2019A, (“Series 2019A Bonds”) – On October 25, 2019, the District issued its Series 2019A Bonds in the original principal amount of \$4,630,000. The Series 2019A Bonds bear interest at the rate of 4.875%, maturing December 1, 2049. The interest on the Series 2019A Bonds is payable semiannually on each June 1 and December 1, commencing on December 1, 2019. The Series 2019A Bonds were issued for the purpose of financing and reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements, funding reserves and capital interest, and paying certain costs in connection with the Bonds. The Series 2019A Bonds are subject to mandatory sinking fund redemption prior to the maturity date, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1, commencing December 1, 2023.

The Series 2019A Bonds are subject to optional redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00
December 1, 2026, to November 30, 2027	1.00
December 1, 2027 and thereafter	0.00

The Series 2019A Bonds are secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) all Senior property tax Revenues; (b) all senior Specific Ownership Tax revenues; (c) all Capital Fees, and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The Series 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be funded from proceeds of the Series 2019A Bonds upon the issuance thereof in an amount equal to \$358,506 (the “Senior Reserve Requirement”). As of December 31, 2021, the Senior Reserve Fund has a balance of \$358,530.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Subordinate Limited Tax General Obligation Bonds, Series 2019B ("Series 2019B Bonds") – On October 25, 2019, the District issued its Series 2019B Bonds in the original principal amount of \$698,000 for the purpose of funding public capital facilities for the District and paying the costs of issuing the Series 2019B Bonds. The Series 2019B Bonds are cash flow bonds and bear interest at a rate of 7.625%, payable to the extent there is Subordinate Pledged Revenue available on December 15 of each year, commencing December 15, 2019. Sufficient Subordinate Pledged Revenue to pay interest on the Series 2019B Bonds is not anticipated to become available until December 15, 2026. As long as the District is imposing the Subordinate Required Mill Levy and enforcing collection of the Subordinate Pledged Revenue, the District will not be in default.

The Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 15, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00
December 1, 2026, to November 30, 2027	1.00
December 1, 2027 and thereafter	0.00

The Series 2019B Bonds are subject to mandatory redemption, as a whole or in integral multiples of \$1,000, on any date after December 15, 2019, upon payment of par and accrued interest, without redemption premium, from moneys in the subordinate bond fund.

The Series 2019B Bonds mature on December 15, 2049. Any amount of the unpaid principal or interest on the Series 2019B Bonds shall be deemed discharged on December 16, 2059.

The Series 2019B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) all Subordinate Property Tax revenues; (b) all Subordinate Specific Ownership Tax revenues; (c) all subordinate Capital Fee revenue, if any; (d) any amounts in the Senior Surplus Fund upon termination of the fund pursuant to the terms of the Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019A Bonds.

	Principal	Interest	Total
2022	\$ -	\$ 225,713	\$ 225,713
2023	-	225,713	225,713
2024	55,000	225,713	280,713
2025	60,000	223,031	283,031
2026	70,000	220,106	290,106
2027 - 2031	430,000	1,045,200	1,475,200
2032 - 2036	630,000	921,619	1,551,619
2037 - 2041	885,000	744,413	1,629,413
2042 - 2046	1,215,000	498,225	1,713,225
2047 - 2049	1,285,000	144,544	1,429,544
	<u>\$ 4,630,000</u>	<u>\$ 4,474,275</u>	<u>\$ 9,104,275</u>

Due to the uncertainty in the timing of the repayment of the Series 2019B Bonds no summary of the principal and interest payments is available.

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
General Obligation Bonds - Series 2019A	\$ 4,630,000	\$ -	\$ -	\$ 4,630,000	\$ -
General Obligation Bonds - Series 2019B	698,000	-	-	698,000	-
Total	<u>\$ 5,328,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,328,000</u>	<u>\$ -</u>

Debt Authorization

At an election held in May 2016, a majority of the qualified electors of the District who voted in the election authorized the issuance of general obligation indebtedness in an amount not to exceed \$100,000,000 to finance the costs of public improvements. At a subsequent election held in November 2018, a majority of the qualified electors of the District who voted in the election authorized the issuance of general obligation indebtedness in an amount not to exceed \$120,000,000 to finance the costs of public improvements. After the issuance of the Series 2019A Bonds and the Series 2019B Bonds, \$114,672,000 authorization remain un-issued. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. As of the date of this audit, the amount and timing of any debt issuances is not determinable. Per the First Amendment to the Service Plan, the District and District No. 6 can issue additional debt not in excess of \$7,500,000 total aggregate principal amount.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Note 4: Capital Assets

An analysis of 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	\$ -	\$ 1,458,339	\$ -	\$ 1,458,339
Total capital assets not being depreciated	-	1,458,339	-	1,458,339
Government type assets, net	<u>\$ -</u>	<u>\$ 1,458,339</u>	<u>\$ -</u>	<u>\$ 1,458,339</u>

Note 5: 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.

On May 3, 2016, 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.

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.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Note 6: 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 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.

Note 7: Agreements

Operating Services Agreement

On January 1, 2017, the Districts entered into a District Operating Services Agreement whereby District No. 6 was designated as the entity that will coordinate capital construction and financing activities on behalf of the Districts, and the District, District No. 2, District No. 3 and District No. 4 are designated the as the Taxing Districts. The Taxing Districts are responsible for all costs fees charges, and expenses incurred by District No. 6 through the imposition of a General Fund Mill Levy. District No. 6 is responsible for all administrative and operational services. The Taxing Districts may terminate the Operating Service Agreement upon 90 days written notice to District No. 6.

Mill Levy Equalization Agreement

On January 1, 2017, as amended September 25, 2019, the Districts entered into a Mill Levy Equalization and Pledge Agreement for the purpose of providing for the imposition of a uniform mill levy throughout the Districts for the purpose of paying the Series 2018 Bonds and any parity bonds or obligations issued by any of the Taxing Districts for the purpose of financing public improvements, reimbursing the Developer and paying the administrative, operations and maintenance costs of the District and the public improvements.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Construction Funding and Reimbursement Agreement

On July 12, 2016, District No. 6 entered into a Construction and Reimbursement Agreement with the Developer whereby the Developer agreed to advance funds to District No. 6 for the construction and installation of public infrastructure within the boundaries of the Districts through December 31, 2020. The Districts state their intention to repay the advances and the advances made by the Developer will bear simple interest at a rate of 8.0% per annum. The Districts' obligation terminates at the earlier of repayment in full or 40 years from the date of the agreement.

Operations Funding Agreement

On July 12, 2016, District No. 6 entered into a District Operations Funding Agreement with the Developer whereby the Developer agreed to advance funds to District No. 6 for the payment of O&M costs incurred by the Districts through December 31, 2020. The Districts state their intention to repay the advances and the advances made by the Developer will bear simple interest at a rate of 8.0% per annum. The Districts' obligation terminates at the earlier of repayment in full or 40 years from the date of the agreement.

Infrastructure Acquisition and Reimbursement Agreement

On November 15, 2019, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with the Developer and Century at Anthology, LLC, ("Century") whereas Century has agreed to construct and complete certain public infrastructure. The District agrees to acquire and reimburse Century for the public infrastructure. Once the balance of the 2019 Construction Fund is \$4,973,221 or less, no draws shall be made thereon by Trustee or at the direction of any party until Century receives full reimbursement for all District Eligible Costs in connection with, arising from and/or related to, the Century Public Infrastructure. During 2021, the District reimbursed Century \$1,458,339.

Capital Fee Pledge Agreement

Capital Fee revenue consists of fees imposed by the Operating District ("District No. 6") within the boundaries of the District pursuant to the Capital Facilities Fee Resolution in an amount initially equal to \$1,500 for each single family attached or multi-family residential unit and in the amount of \$2,000 for each single family detached residential unit, payable on or before the date of issuance of a certificate of occupancy for such residential unit. The funds are collected by District No. 6 and transferred to the District for payment on the Series 2019A Bonds and Series 2019B Bonds. In 2021, no fees were collected by District No. 6.

ANTHOLOGY WEST METROPOLITAN DISTRICT NO. 5

Notes to Financial Statements December 31, 2021

Note 8: Related Party

Anthology Recovery Acquisition, LLC, a subsidiary of RainTree Investment Corporation (“RainTree”), acquired significant ownership and/or investment interests in the property within the District. One member of the Board of Directors is an employee of RainTree. One other director is a consultant, directly or indirectly, to RainTree. Management believes that all potential conflicts, if any, have been disclosed to the Board and filed with the State as required by Title 32, Colorado Revised Statutes. One member of the Board of Directors is an employee of JR Engineering, LLC, which is contracted as project manager for the construction of capital infrastructure.

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) 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; and
- 2) capital improvements used in government activities are not financial resources and, therefore are not reported in the fund

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 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; and
- 3) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives.

SUPPLEMENTAL INFORMATION

Anthology West Metropolitan District No. 5

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

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 98	\$ 98	\$ -
Specific ownership taxes	6	9	3
Transfers from District No. 6	192,000	-	(192,000)
Interest income	<u>-</u>	<u>225</u>	<u>225</u>
Total Revenues	<u>192,104</u>	<u>332</u>	<u>(191,772)</u>
EXPENDITURES			
Bond interest expense	225,713	225,713	-
Transfers to District No. 6	30,603	-	30,603
Trustee fees	3,000	7,000	(4,000)
Treasurer's fees	<u>1</u>	<u>1</u>	<u>-</u>
Total Expenditures	<u>259,317</u>	<u>232,714</u>	<u>26,603</u>
NET CHANGE IN FUND BALANCE	(67,213)	(232,382)	(165,169)
FUND BALANCE:			
BEGINNING OF YEAR	<u>640,527</u>	<u>642,121</u>	<u>1,594</u>
END OF YEAR	<u>\$ 573,314</u>	<u>\$ 409,739</u>	<u>\$ (163,575)</u>

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

Anthology West Metropolitan District No. 5

STATEMENT 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 (Unfavorable)
REVENUES			
Interest income	\$ 30,000	\$ 1,381	\$ (28,619)
Total Revenues	<u>30,000</u>	<u>1,381</u>	<u>(28,619)</u>
EXPENDITURES			
Capital improvements	<u>4,157,796</u>	<u>1,458,339</u>	<u>2,699,457</u>
Total Expenditures	<u>4,157,796</u>	<u>1,458,339</u>	<u>2,699,457</u>
NET CHANGE IN FUND BALANCE	(4,127,796)	(1,456,958)	2,670,838
FUND BALANCE:			
BEGINNING OF YEAR	<u>4,127,796</u>	<u>4,120,943</u>	<u>(6,853)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 2,663,985</u>	<u>\$ 2,663,985</u>

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

Anthology West Metropolitan District No. 5

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2021

(Unaudited)

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current		Mills Levied		Total Property Tax		Percent Collected to Levied
	Year Property Tax Levy		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2017	\$	640	35.000	0.000	\$ 22	\$ 22	100.00%
2018	\$	690	47.347	0.000	\$ 33	\$ 33	100.00%
2019	\$	1,690	47.347	0.000	\$ 80	\$ 80	100.00%
2020	\$	1,020	0.000	47.678	\$ 49	\$ 49	100.00%
2021	\$	2,060	0.000	47.678	\$ 98	\$ 98	100.00%
Estimated for year ending December 31, 2022	\$	2,865,890	0.000	47.678	\$ 136,640		

NOTE

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