

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

2022 ANNUAL REPORT

Pursuant to section 32-1-207(3)(c), C.R.S., Eagle Shadow Metropolitan District No. 1, located in Adams County, (the “District”), hereby submit the following annual report for the year ending December 31, 2022:

A. Boundary changes made.

There were no boundary changes during the report year.

B. Intergovernmental agreements entered into or terminated with other governmental entities.

Intergovernmental Agreement between the District and the Colorado Special Districts Property and Liability Pool dated April 20, 2004.

C. Access information to obtain a copy of rules and regulations adopted by the Board.

To request copies of any rules and regulations adopted by the District, contact the District’s legal counsel: Spencer Fane LLP, Attn: Russell Dykstra, 1700 Lincoln Street, Ste. 2000, Denver, CO 80203; 303-839-3800; rdykstra@spencerfane.com.

D. A summary of litigation involving public improvements owned by the District.

None.

E. The status of the construction of public improvements by the District.

The District is fully built out. There was no new development in the District during the report year.

F. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.

There were no facilities or improvements conveyed or dedicated to the Town during the report year.

G. The final assessed valuation of the District as of December 31 of the reporting year.

The final assessed valuation for the District in 2022:

Eagle Shadow MD No. 1: \$89,768,940

Eagle Shadow MD No. 1 Subdistrict No. 1: \$47,871,710

H. A copy of the current year’s budget.

The 2023 budgets for the District are attached hereto as **Exhibit A**.

I. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, Part 6 of Article 1 of Title 29, or the application for exemption from audit, as applicable.

The District’s 2022 Audit is attached hereto as **Exhibit B**.

J. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the District.

None.

K. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.

None.

Dated: October 1, 2023

EAGLE SHADOW METROPOLITAN DISTRICT
NO. 1

/s/Russell W. Dykstra

By: Russell W. Dykstra

Its: Attorney

This annual report must be electronically filed with the governing body with jurisdiction over the special district, the division, and the state auditor, and such report must be electronically filed with the county clerk and recorder for public inspection, and a copy of the report must be made available by the special district on the special district’s website pursuant to section 32-1-104.5 (3).

EXHIBIT A

LETTER OF BUDGET TRANSMITTAL

Date: January 23, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for EAGLE SHADOW METROPOITAN DISTRICT NO. 1 in Adams County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 15, 2022. If there are any questions on the budget, please contact:

Diane Wheeler
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490
Englewood, Colorado 80112
(303) 689-0833

I, Darrell Jennings as President of the Eagle Shadow Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: Darrell Jennings
President

**RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
EAGLE SHADOW METROPOLITAN DISTRICT NO. 1**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE EAGLE SHADOW METROPOLITAN DISTRICT NO. 1, ADAMS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of the Eagle Shadow Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$ 89,769 ; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$1,570,956 and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of Adams County is ~~\$89,768,940~~ and

WHEREAS, at an election held on November 2, 1999, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE EAGLE SHADOW METROPOLITAN DISTRICT NO. 1 OF ADAMS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Eagle Shadow Metropolitan District No. 1 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 1.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the

following "Certification of Tax Levies," there is hereby levied a tax of 17.500 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of Adams County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Adams County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 15th day of November, 2022.

EAGLE SHADOW METROPOLITAN
DISTRICT NO. 1

Barrell Jennings

President

ATTEST:

Fred Brown

Secretary

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for the Eagle Shadow Metropolitan District No. 1.

The Eagle Shadow Metropolitan District No.1 has adopted budgets for two separate funds, a General Fund to provide for general operating and engineering expenditures; a Debt Service Fund to provide for payments on the General Obligation Refunding Loan Series 2022.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the district in 2023 will be property tax revenue, specific ownership tax revenue and development fees. The district intends to impose an 18.500 mill levy on the property within the district in 2023, of which 1.000 mills will be dedicated to the General Fund and the balance of 17.500 mills will be allocated to the Debt Service Fund.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1
ADOPTED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Actual <u>2021</u>	ADOPTED BUDGET <u>2022</u>	ACTUAL <u>6/30/2022</u>	ESTIMATE <u>2022</u>	ADOPTED BUDGET <u>2023</u>
BEGINNING FUND BALANCE	\$ 657,065	\$ 710,008	\$ 609,139	\$ 609,139	\$ 163,357
REVENUES					
PROPERTY TAXES	162,626	76,144	74,789	76,140	89,769
SPECIFIC OWNERSHIP TAXES	621	-	-	-	-
DEVELOPMENT FEES	-	20,000	-	20,000	20,000
INTEREST INCOME	271	95	962	1,000	95
	<u>163,518</u>	<u>96,239</u>	<u>75,751</u>	<u>97,140</u>	<u>109,864</u>
TOTAL REVENUES					
TOTAL REVENUE & FUND BALANCE	<u>820,583</u>	<u>806,247</u>	<u>684,890</u>	<u>706,279</u>	<u>273,221</u>
EXPENDITURES					
ACCOUNTING	10,120	19,000	5,115	13,000	19,000
AUDIT	4,000	4,000	4,300	4,300	5,000
DIRECTORS FEES/PAYROLL TAXE	4,852	6,600	2,800	3,300	6,600
INSURANCE	4,344	5,000	4,224	4,224	5,000
LEGAL	21,338	50,000	24,102	60,000	60,000
ENGINEERING	72,027	35,000	43,862	90,000	75,000
MISCELLANEOUS	35	3,000	-	500	3,000
TREASURER'S FEES	2,441	1,142	1,122	1,140	1,347
ELECTION EXPENSES	-	10,000	-	-	10,000
REPAIRS AND MAINTENANCE	65,107	-	-	-	-
Transfer to subdistrict	-	-	-	366,458	-
EMERGENCY RESERVE	-	4,012	-	-	5,548
CONTINGENCY	-	668,493	-	-	82,726
	<u>184,264</u>	<u>806,247</u>	<u>85,525</u>	<u>542,922</u>	<u>273,221</u>
TOTAL EXPENDITURES					
ENDING FUND BALANCE	<u>\$ 636,319</u>	<u>\$ -</u>	<u>\$ 599,365</u>	<u>\$ 163,357</u>	<u>\$ -</u>
ASSESSED VALUATION		\$ 76,144,200			\$ 89,768,940
MILL LEVY		1.000			1.000

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1
ADOPTED BUDGET
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Actual <u>2021</u>	ADOPTED BUDGET <u>2022</u>	ACTUAL <u>6/30/2022</u>	ESTIMATE <u>2022</u>	ADOPTED BUDGET <u>2023</u>
BEGINNING FUND BALANCE	\$ 431,026	\$ 709,888	\$ 726,439	\$ 726,439	\$ 1,027,701
REVENUES					
PROPERTY TAXES	1,010,120	1,332,524	1,308,804	1,325,000	1,570,956
SPECIFIC OWNERSHIP TAXES	64,869	105,650	23,728	99,000	124,554
BOND/LOAN PROCEEDS	-	-	7,185,000	7,185,000	-
INTEREST INCOME	<u>1,464</u>	<u>2,000</u>	<u>2,620</u>	<u>3,000</u>	<u>2,000</u>
TOTAL REVENUES	<u>1,076,453</u>	<u>1,440,174</u>	<u>8,520,152</u>	<u>8,612,000</u>	<u>1,697,510</u>
TOTAL REVENUE & FUND BALANCE	<u>1,507,479</u>	<u>2,150,062</u>	<u>9,246,591</u>	<u>9,338,439</u>	<u>2,725,211</u>
EXPENDITURES					
BOND INTEREST	365,213	349,213	120,832	200,945	154,874
BOND PRINCIPAL	400,000	415,000	7,730,000	7,970,000	280,000
PAYING AGENT FEES	660	2,000	-	1,000	2,000
COST OF ISSUANCE	-	-	118,918	118,918	-
TREASURERS FEES	<u>15,164</u>	<u>19,988</u>	<u>19,629</u>	<u>19,875</u>	<u>23,564</u>
TOTAL EXPENDITURES	<u>781,037</u>	<u>786,201</u>	<u>7,989,379</u>	<u>8,310,738</u>	<u>460,438</u>
ENDING FUND BALANCE	<u>\$ 726,442</u>	<u>\$ 1,363,861</u>	<u>\$ 1,257,212</u>	<u>\$ 1,027,701</u>	<u>\$ 2,264,773</u>
ASSESSED VALUATION		\$ 76,144,200			\$ 89,768,940
MILL LEVY		17.500			17.500
TOTAL MILL LEVY		18.500			18.500
Assessed Valuation oil and gas		\$ 34,514,630			\$ 52,903,000

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1
ADOPTED BUDGET
CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Actual <u>2021</u>	ADOPTED BUDGET <u>2022</u>	ACTUAL <u>6/30/2022</u>	ESTIMATE <u>2022</u>	ADOPTED BUDGET <u>2023</u>
BEGINNING FUND BALANCE	\$ 28,131	\$ -	\$ -	\$ -	\$ -
REVENUES					
DEVELOPMENT FEES	-	-	-	-	-
INTEREST INCOME	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
TOTAL REVENUE & FUND BALANCE	<u>28,131</u>	-	-	-	-
EXPENDITURES					
CAPITAL CONSTRUCTION	<u>28,131</u>	-	-	-	-
TOTAL EXPENDITURES	<u>28,131</u>	-	-	-	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Adams County, Colorado.

On behalf of the Eagle Shadow Metropolitan District No. 1,
(taxing entity)^A

the Board of Directors,
(governing body)^B

of the Eagle Shadow Metropolitan District No. 1,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 89,768,940 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 89,768,940 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: _____ for budget/fiscal year 2023.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	1.000 mills	\$ 89,769
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	1.000 mills	\$ 89,769
3. General Obligation Bonds and Interest ^J	17.500 mills	\$ 1,570,956
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: <small>[Sum of General Operating Subtotal and Lines 3 to 7]</small>	18.500 mills	\$ 1,660,725

Contact person: Diane K Wheeler Daytime phone: (303) 689-0833
 (print)
 Signed: Diane K Wheeler Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

EXHIBIT B

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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Board of Directors
Eagle Shadow Metropolitan District No. 1
Adams County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Shadow Metropolitan District No. 1 (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 Eagle Shadow Metropolitan District No. 1 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

August 15, 2023

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 2,014,647	\$ -	\$ -	\$ 2,014,647	\$ -	\$ 2,014,647
Cash and investments - restricted	7,398	1,056,003	28,131	1,091,532	-	1,091,532
Receivable - County Treasurer	8,058	8,300	-	16,358	-	16,358
Property taxes receivable	2,004,637	1,570,956	-	3,575,593	-	3,575,593
Prepaid expense	3,938	-	-	3,938	-	3,938
Capital assets	-	-	-	-	1,132,285	1,132,285
Total Assets	<u>4,038,678</u>	<u>2,635,259</u>	<u>28,131</u>	<u>6,702,068</u>	<u>1,132,285</u>	<u>7,834,353</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	689,737	689,737
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,737</u>	<u>689,737</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,038,678</u>	<u>\$ 2,635,259</u>	<u>\$ 28,131</u>	<u>\$ 6,702,068</u>		
LIABILITIES						
Accounts payable	\$ 18,934	\$ -	\$ -	\$ 18,934	-	18,934
Accrued interest on bonds	-	-	-	-	12,906	12,906
Long-term liabilities						
Due within one year	-	-	-	-	280,000	280,000
Due in more than one year	-	-	-	-	6,665,000	6,665,000
Total Liabilities	<u>18,934</u>	<u>-</u>	<u>-</u>	<u>18,934</u>	<u>6,957,906</u>	<u>6,976,840</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>2,004,637</u>	<u>1,570,956</u>	<u>-</u>	<u>3,575,593</u>	<u>-</u>	<u>3,575,593</u>
Total Deferred Inflows of Resources	<u>2,004,637</u>	<u>1,570,956</u>	<u>-</u>	<u>3,575,593</u>	<u>-</u>	<u>3,575,593</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	3,938	-	-	3,938	(3,938)	-
Restricted:						
Emergencies	7,398	-	-	7,398	(7,398)	-
Debt Service	-	1,064,303	-	1,064,303	(1,064,303)	-
Capital projects	-	-	28,131	28,131	(28,131)	-
Unassigned	<u>2,003,771</u>	<u>-</u>	<u>-</u>	<u>2,003,771</u>	<u>(2,003,771)</u>	<u>-</u>
Total Fund Balances	<u>2,015,107</u>	<u>1,064,303</u>	<u>28,131</u>	<u>3,107,541</u>	<u>(3,107,541)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,038,678</u>	<u>\$ 2,635,259</u>	<u>\$ 28,131</u>	<u>\$ 6,702,068</u>		
Net Position:						
Net Investment in Capital Assets					(5,784,584)	(5,784,584)
Restricted for:						
Emergencies					7,398	7,398
Debt service					1,051,397	1,051,397
Capital projects					28,131	28,131
Unrestricted					<u>2,669,315</u>	<u>2,669,315</u>
Total Net Position					<u>\$ (2,028,343)</u>	<u>\$ (2,028,343)</u>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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	\$ 9,458	\$ -	\$ -	\$ 9,458	\$ -	\$ 9,458
Audit	4,300	-	-	4,300	-	4,300
Directors fees and payroll taxes	5,921	-	-	5,921	-	5,921
Insurance	4,224	-	-	4,224	-	4,224
Legal	35,487	-	-	35,487	-	35,487
General engineering	69,362	-	-	69,362	-	69,362
Cost of issuance	-	118,918	-	118,918	-	118,918
Treasurer's fees	21,541	19,947	-	41,488	-	41,488
Principal	-	7,970,000	-	7,970,000	(7,970,000)	-
Interest expense	-	200,945	-	200,945	24,311	225,256
Total Expenditures	<u>150,293</u>	<u>8,309,810</u>	<u>-</u>	<u>8,460,103</u>	<u>(7,945,689)</u>	<u>514,414</u>
GENERAL REVENUES						
Property taxes	1,436,193	1,329,240	-	2,765,433	-	2,765,433
Specific ownership taxes	92,021	99,901	-	191,922	-	191,922
Interest and other income	867	33,530	-	34,397	-	34,397
Total General Revenues	<u>1,529,081</u>	<u>1,462,671</u>	<u>-</u>	<u>2,991,752</u>	<u>-</u>	<u>2,991,752</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	1,378,788	(6,847,139)	-	(5,468,351)	7,945,689	2,477,338
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	7,185,000	-	7,185,000	(7,185,000)	-
Assets conveyed to other governments	-	-	-	-	(8,875,060)	(8,875,060)
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,185,000</u>	<u>-</u>	<u>7,185,000</u>	<u>(16,060,060)</u>	<u>(8,875,060)</u>
NET CHANGES IN FUND BALANCES						
	1,378,788	337,861	-	1,716,649	(1,716,649)	
CHANGE IN NET POSITION						
					(6,397,722)	(6,397,722)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	<u>636,319</u>	<u>726,442</u>	<u>28,131</u>	<u>1,390,892</u>	<u>2,978,487</u>	<u>4,369,379</u>
END OF YEAR	<u>\$ 2,015,107</u>	<u>\$ 1,064,303</u>	<u>\$ 28,131</u>	<u>\$ 3,107,541</u>	<u>\$ (5,135,884)</u>	<u>\$ (2,028,343)</u>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2022

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,436,198	\$ 1,436,193	\$ (5)
Specific ownership taxes	101,994	92,021	(9,973)
Development fees	20,000	-	(20,000)
Interest income	<u>95</u>	<u>867</u>	<u>772</u>
Total Revenues	<u>1,558,287</u>	<u>1,529,081</u>	<u>(29,206)</u>
EXPENDITURES			
Accounting	34,000	9,458	24,542
Audit	4,000	4,300	(300)
Directors fees and payroll taxes	6,600	5,921	679
Election expense	10,000	-	10,000
Insurance	8,000	4,224	3,776
Legal	61,000	35,487	25,513
General engineering	35,000	69,362	(34,362)
Miscellaneous expenses	3,000	-	3,000
Treasurer's fees	21,543	21,541	2
Contingency	2,103,457	-	2,103,457
Emergency reserve	<u>5,862</u>	<u>-</u>	<u>5,862</u>
Total Expenditures	<u>2,292,462</u>	<u>150,293</u>	<u>2,142,169</u>
NET CHANGES IN FUND BALANCE	(734,175)	1,378,788	2,112,963
FUND BALANCE - BEGINNING OF YEAR	<u>734,175</u>	<u>636,319</u>	<u>(97,856)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 2,015,107</u>	<u>\$ 2,015,107</u>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Eagle Shadow Metropolitan District No. 1 (“the District”), located in Adams County, Colorado, (the “County”) 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 January 3, 2000, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established for the primary purpose of providing for the acquisition, construction, installation and completion of certain improvements, including streets, park and recreations, safety protection, transportation, mosquito control, and water and sanitation improvements for the inhabitants of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

On June 19, 2018 the Eagle Shadow Metropolitan District Sub-District No. 1 (“Sub-District”) was formed for the purpose of fixing a different rate of levy for property tax purposes against the taxable property within the Sub District according to services, programs and facilities furnished or to be furnished, and to pledge such revenue to finance those services programs and facilities to be furnished. During 2022, the activities of the Sub-District were limited to general operations. Therefore, this activity is included in the General Fund for 2022.

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.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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 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 financials 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 net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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 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, 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 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.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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 has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of 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.

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.

Deferred loss on Refunding

The deferred loss on refunding of \$744,794 from the Series 2022 Loan is being amortized over the term of the bonds using the effective interest method. Accumulated amortization of deferred loss on refunding amounted to \$55,057 at December 31, 2022. During 2022 the District amortized \$55,057 of the deferred loss on refunding.

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.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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. The District intends to transfer all infrastructure to the County for maintenance, therefore no depreciation has been provided.

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 in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund 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.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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 \$7,398 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,064,303 is restricted for the payment of the debt service costs related to the Series 2022 Loan (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$28,131 is restricted for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

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.

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	\$ 2,014,647
Cash and investments – restricted	<u>1,091,532</u>
	<u>\$ 3,106,179</u>

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

Deposits with financial institutions	\$ 16,281
Investments – COLOTRUST	<u>3,089,898</u>
	<u>\$ 3,106,179</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% the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

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.

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

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 (NAV) per share.

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 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. At December 31, 2022, the District had \$3,089,898 invested in COLOTRUST.

Interest Rate Risk

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
<u>Governmental Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 8,875,060	\$ -	\$ 8,875,060	\$ -
Trail	1,132,285	-	-	1,132,285
Total capital assets not being depreciated:	<u>10,007,345</u>	<u>-</u>	<u>8,875,060</u>	<u>1,132,285</u>
Government type assets, net	<u>\$ 10,007,345</u>	<u>\$ -</u>	<u>\$ 8,875,060</u>	<u>\$ 1,132,285</u>

Upon completion and acceptance, all capital assets will be conveyed by the District to other local governments; therefore no depreciation has been recorded.

Note 4: Long-term Debt

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

General Obligation Refunding Loan Series 2022

On January 17, 2022, the District refunded its Series 2013A bonds in full by entering in to a Loan Agreement with MidWest One Bank for a General Obligation Refunding Loan Series 2022 (“Series 2022 Loan”). The Series 2022 Loan bears interest at a rate of 2.23% per annum. Interest payments are due on June 1 and December 1 each year beginning June 1, 2022, while principal payments are due on December 1 each year beginning December 1, 2022 through the maturity date of December 1, 2042. The Series 2022 Loan is subject to an early redemption at the option of the District, commencing November 15, 2022, and on any date thereafter, upon payment of principal plus accrued interest without any premium. The District may, at its option, prepay the Loan in whole, or, with the consent of the Lender, in part (applied in inverse order of principal payments due), on any date, upon payment to the Lender of par, plus accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2022, to November 30, 2024	3%
December 1, 2024, to November 30, 2026	2%
December 1, 2026, to November 30, 2027	1%
December 1, 2027 and thereafter	0%

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

General Obligation Refunding Bonds Tax-Exempt Series 2013A and General Obligation Refunding Bonds Taxable Series 2013B

On July 30, 2013, the District issued \$9,845,000 of General Obligation Refunding Bonds Tax-exempt Series 2013A (“Series 2013A Bonds”) and \$1,120,000 of General Obligation Refunding Bonds Taxable Series 2013B (“Series 2013B Bonds”) to refund all of the outstanding general obligation bonds of the District to provide for savings, and paying the cost of issuance for the Series 2013A Bonds and Series 2013B Bonds. The Series 2013A Bonds are term bonds and mature on November 15, 2035. The Series 2013A Bonds bore interest at the rates ranging from 3% to 5%, interest was payable semiannually on each May 15 and November 15, commencing on November 15, 2013 and were subject to a mandatory sinking fund redemption commencing on November 15, 2013. The 2013A Bonds were subject to an early redemption at the option of the District, commencing November 15, 2021, and on any date thereafter, upon payment of principal plus accrued interest without any premium. The Series 2013B Bonds were term bonds and matured on November 15, 2017. During 2022, the District refunded the Series 2013A bonds in full.

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

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
General Obligation Debt					
Series 2013A Bonds	\$ 7,730,000	\$ -	\$ 7,730,000	\$ -	\$ -
Series 2022 Loan	-	7,185,000	240,000	6,945,000	280,000
Premium on Series 2013A Bonds	67,839	-	67,839	-	-
	<u>\$ 7,797,839</u>	<u>\$ 7,185,000</u>	<u>\$ 8,037,839</u>	<u>\$ 6,945,000</u>	<u>\$ 280,000</u>

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$18,595,000. The District did not budget to issue any new debt in 2022, however the District was able to refund its existing debt.

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

	Principal	Interest	Total
2023	\$ 280,000	\$ 154,874	\$ 434,874
2024	285,000	148,630	433,630
2025	290,000	142,274	432,274
2026	300,000	135,807	435,807
2027	305,000	129,117	434,117
2028-2032	1,630,000	540,552	2,170,552
2033-2037	1,820,000	350,333	2,170,333
2038-2042	2,035,000	138,036	2,173,036
	<u>\$ 6,945,000</u>	<u>\$ 1,739,623</u>	<u>\$ 8,684,623</u>

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 5: District Agreements

Regional Facilities Agreement

The District has entered into a Regional Facilities Agreement with Todd Creek Farms Metropolitan District No. 1. Todd Creek Metropolitan District No. 1 has agreed to construct the major regional water facilities necessary to serve property within the District and has agreed to provide water service to the District. The District has agreed that Todd Creek Metropolitan District No. 1 may assess such fees and charges on property of its customers within the District, as it deems appropriate to recoup capital costs of construction of facilities and the costs of providing water service.

Note 6: Tax, Spending and Debt Limitations

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 7: Risk Management

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2022

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

Note 8: 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;
- 2) deferred loss on refunding used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 3) long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund 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 process pending transfer to other governmental entities;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 3) governmental funds report principal payments on debt as expenses: however, they are recorded as a reduction in debt on the Statement of Activities.

SUPPLEMENTAL INFORMATION

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	1,332,524	1,325,000	\$ 1,329,240	\$ 4,240
Specific ownership taxes	105,650	99,000	99,901	901
Interest and other income	<u>2,000</u>	<u>3,000</u>	<u>33,530</u>	<u>30,530</u>
 Total Revenues	 <u>1,440,174</u>	 <u>1,427,000</u>	 <u>1,462,671</u>	 <u>35,671</u>
 EXPENDITURES				
Bond interest	349,213	200,945	200,945	-
Bond principal	415,000	7,970,000	7,970,000	-
Paying agent fees	2,000	1,000	-	1,000
Cost of issuance	-	118,918	118,918	-
Treasurer's fees	<u>19,988</u>	<u>19,875</u>	<u>19,947</u>	<u>(72)</u>
 Total Expenditures	 <u>786,201</u>	 <u>8,310,738</u>	 <u>8,309,810</u>	 <u>928</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 653,973	 (6,883,738)	 (6,847,139)	 36,599
 OTHER FINANCING SOURCES (USES)				
Loan proceeds	<u>-</u>	<u>7,185,000</u>	<u>7,185,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	7,185,000	7,185,000	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) CHANGE IN FUND BALANCE	 653,973	 301,262	 337,861	 36,599
 FUND BALANCE - BEGINNING OF YEAR	 <u>709,888</u>	 <u>726,439</u>	 <u>726,442</u>	 <u>3</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 1,363,861</u>	 <u>\$ 1,027,701</u>	 <u>\$ 1,064,303</u>	 <u>\$ 36,602</u>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Development fees	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Capital construction	-	-	-
Total Expenditures	-	-	-
NET CHANGES IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	28,131	28,131
FUND BALANCE - END OF YEAR	\$ -	\$ 28,131	\$ 28,131

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

COMBINING BALANCE SHEET

GENERAL FUND

December 31, 2022

	<u>General</u>	<u>Sub-District</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 558,217	\$ 1,456,430	\$ 2,014,647
Cash and investments - restricted	5,548	1,850	7,398
Receivable County Treasurer	-	8,058	8,058
Property taxes receivable	89,769	1,914,868	2,004,637
Prepaid expense	3,938	-	3,938
Total Assets	<u>\$ 657,472</u>	<u>\$ 3,381,206</u>	<u>\$ 4,038,678</u>
LIABILITIES			
Accounts payable	<u>\$ 18,934</u>	<u>\$ -</u>	<u>\$ 18,934</u>
Total Liabilities	<u>18,934</u>	<u>-</u>	<u>18,934</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	<u>89,769</u>	<u>1,914,868</u>	<u>2,004,637</u>
Total Deferred Inflows of Resources	<u>89,769</u>	<u>1,914,868</u>	<u>2,004,637</u>
FUND BALANCES/NET POSITION			
Fund Balances:			
Nonspendable:			
Prepays	3,938	-	3,938
Restricted			
Emergencies	5,548	1,850	7,398
Unassigned	<u>172,825</u>	<u>1,830,946</u>	<u>2,003,771</u>
Total Fund Balances	<u>182,311</u>	<u>1,832,796</u>	<u>2,015,107</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 291,014</u>	<u>\$ 3,747,664</u>	<u>\$ 4,038,678</u>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND

For the Year Ended December 31, 2022

	<u>General</u>	<u>Sub-District</u>	<u>Total</u>
EXPENDITURES			
Accounting	\$ 9,458	\$ -	\$ 9,458
Audit	4,300	-	4,300
Directors fees ant payroll taxes	5,921	-	5,921
Insurance	4,224	-	4,224
Legal	35,487	-	35,487
General engineering	69,362	-	69,362
Treasurer's fees	1,140	20,401	21,541
	<hr/>	<hr/>	<hr/>
Total Expenditures	129,892	20,401	150,293
GENERAL REVENUES			
Property taxes	75,957	1,360,236	1,436,193
Specific ownership taxes	-	92,021	92,021
Interest and other income	867	-	867
	<hr/>	<hr/>	<hr/>
Total General Revenues	76,824	1,452,257	1,529,081
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(53,068)	1,431,856	1,378,788
OTHER FINANCING SOURCES (USES)			
Transfer to/(from) other funds	(366,458)	366,458	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(366,458)	366,458	-
NET CHANGES IN FUND BALANCES			
	(419,526)	1,798,314	1,378,788
FUND BALANCE/NET POSITION			
BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	601,837	34,482	636,319
	<hr/>	<hr/>	<hr/>
END OF YEAR	\$ 182,311	\$ 1,832,796	\$ 2,015,107
	<hr/>	<hr/>	<hr/>

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

EAGLE SHADOW METROPOLITAN DISTRICT NO. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2022

Collection Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Mills Levied		Total Property Tax		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2005	\$ 10,069,280	5.000	38.000	\$ 432,979	\$ 429,878	99.28%
2006	12,746,480	5.000	38.000	548,098	547,037	99.81%
2007	16,187,230	5.000	38.000	696,051	683,156	98.15%
2008	21,129,580	5.000	38.000	908,572	906,704	99.79%
2009	23,260,130	5.000	35.000	930,406	928,376	99.78%
2010	24,353,380	5.000	32.000	901,075	900,747	99.96%
2011	22,253,330	5.000	32.000	835,756	821,452	98.29%
2012	21,381,930	3.500	34.240	806,954	806,555	99.95%
2013	22,145,080	3.500	34.240	835,755	833,339	99.71%
2014	21,596,550	2.500	25.000	593,905	602,048	101.37%
2015	22,064,060	2.500	25.000	606,762	603,931	99.53%
2016	26,021,690	2.500	22.250	644,037	643,767	99.96%
2017	26,450,290	2.500	22.250	654,645	653,486	99.82%
2018	31,077,290	2.500	22.250	769,163	768,988	99.98%
2019	32,549,450	2.500	22.250	805,599	805,566	100.00%
2020	38,899,870	2.500	17.500	777,997	777,672	99.96%
2021	57,835,640	2.500	17.500	1,156,713	1,172,746	101.39%
2022	76,144,200	1.000	17.500	1,408,668	1,405,197	99.75%
Estimated for year ending December 31, 2023	89,768,940	1.000	17.500	1,660,725		

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.

Information provided does not include the Sub-District