

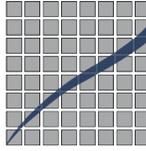
**CHAPARRAL POINTE METROPOLITAN
DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**CHAPARRAL POINTE METROPOLITAN DISTRICT
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chaparral Pointe Metropolitan District
El Paso County, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

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 information procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
September 30, 2022

BASIC FINANCIAL STATEMENTS

**CHAPARRAL POINTE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 16,320
Cash and Investments - Restricted	4,132
Accounts Receivable	1,941
Receivable - County Treasurer	20
Property Taxes Receivable	42,694
Capital Assets, Not Being Depreciated	1,165,935
Total Assets	1,231,042
LIABILITIES	
Accounts Payable	34,794
Prepaid Homeowner Fees	1,089
Noncurrent Liabilities:	
Accrued Interest Payable	32,466
Due in More Than One Year	1,508,454
Total Liabilities	1,576,803
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	42,694
Total Deferred Inflows of Resources	42,694
NET POSITION	
Restricted for:	
Emergency Reserves	600
Unrestricted	(389,055)
Total Net Position	\$ (388,455)

See accompanying Notes to Basic Financial Statements.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
Cash and Investments	\$ 16,320	\$ -	\$ -	\$ 16,320
Cash and Investments - Restricted	600	32	3,500	4,132
Accounts Receivable	1,941	-	-	1,941
Receivable - County Treasurer	5	15	-	20
Property Taxes Receivable	10,673	32,021	-	42,694
	<u>\$ 29,539</u>	<u>\$ 32,068</u>	<u>\$ 3,500</u>	<u>\$ 65,107</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 32,294	\$ -	\$ 2,500	\$ 34,794
Prepaid Homeowner Fees	1,089	-	-	1,089
Total Liabilities	<u>33,383</u>	<u>-</u>	<u>2,500</u>	<u>35,883</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	10,673	32,021	-	42,694
Total Deferred Inflows of Resources	<u>10,673</u>	<u>32,021</u>	<u>-</u>	<u>42,694</u>
FUND BALANCES (DEFICIT)				
Restricted for:				
Emergency Reserves	600	-	-	600
Debt Service	-	47	-	47
Capital Projects	-	-	1,000	1,000
Unassigned	(15,117)	-	-	(15,117)
Total Fund Balances (Deficit)	<u>(14,517)</u>	<u>47</u>	<u>1,000</u>	<u>(13,470)</u>
Total Liabilities, Deferrred Inflows of Resources, and Fund Balances	<u>\$ 29,539</u>	<u>\$ 32,068</u>	<u>\$ 3,500</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated 1,165,935

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable (1,350,000)
Accrued Interest on Bonds Payable (32,466)
Developer Advance Payable (145,000)
Accrued Interest on Developer Advance (13,454)

Net Position of Governmental Activities \$ (388,455)

See accompanying Notes to Basic Financial Statements.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Fund</u>
REVENUES				
Property Taxes	\$ 544	\$ 1,631	\$ -	\$ 2,175
Specific Ownership Tax	64	192	-	256
District Service Fees	17,000	-	-	17,000
Total Revenues	<u>17,608</u>	<u>1,823</u>	<u>-</u>	<u>19,431</u>
EXPENDITURES				
General				
Accounting	21,431	-	-	21,431
Billing	9,477	-	-	9,477
County Treasurer's Fees	6	-	-	6
Covenant enforcement	3,181	-	-	3,181
District management	18,871	-	-	18,871
Dues and Licenses	308	-	-	308
Insurance and Bonds	3,243	-	-	3,243
Legal Services	38,724	-	-	38,724
Trash collection	2,195	-	-	2,195
Website	311	-	-	311
Debt Service				
County Treasurer's Fees	-	26	-	26
Bond Interest - Series 2020A	-	2,708	-	2,708
Capital Projects:				
Repay developer advance	-	-	6,500	6,500
Series 2021A Costs of Issuance	-	-	183,065	183,065
Capital outlay	-	-	1,165,935	1,165,935
Total Expenditures	<u>97,747</u>	<u>2,734</u>	<u>1,355,500</u>	<u>1,455,981</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,139)	(911)	(1,355,500)	(1,436,550)
OTHER FINANCING SOURCES (USES)				
Series 2021A Bond Proceeds	-	-	1,350,000	1,350,000
Developer Advance	85,500	-	6,500	92,000
Total Other Financing Sources (Uses)	<u>85,500</u>	<u>-</u>	<u>1,356,500</u>	<u>1,442,000</u>
NET CHANGE IN FUND BALANCES	5,361	(911)	1,000	5,450
Fund Balances (Deficit) - Beginning of Year	<u>(19,878)</u>	<u>958</u>	<u>-</u>	<u>(18,920)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (14,517)</u>	<u>\$ 47</u>	<u>\$ 1,000</u>	<u>\$ (13,470)</u>

See accompanying Notes to Basic Financial Statements.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 5,450

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 1,165,935

The issuance of long-term debt (e.g., Loans, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance Series 2021A(3) (1,350,000)
Developer Advances (85,500)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds (32,466)
Accrued Interest on Developer Advances - Change in Liability (8,391)

Change in Net Position of Governmental Activities \$ (304,972)

**CHAPARRAL POINTE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 544	\$ 544	\$ 544	\$ -
Specific Ownership Tax	54	64	64	-
District Service Fees	23,067	17,000	17,000	-
Total Revenues	<u>23,665</u>	<u>17,608</u>	<u>17,608</u>	<u>-</u>
EXPENDITURES				
Accounting	15,000	21,431	21,431	-
Billing	2,500	9,477	9,477	-
County Treasurer's Fees	8	6	6	-
Contingency	1,242	1,401	-	1,401
Covenant enforcement	5,000	3,181	3,181	-
District management	12,000	18,871	18,871	-
Dues and Licenses	350	308	308	-
Insurance and Bonds	3,200	3,243	3,243	-
Legal Services	15,000	38,724	38,724	-
Miscellaneous	100	-	-	-
Trash collection	3,500	2,195	2,195	-
Utilities	1,000	-	-	-
Website	-	311	311	-
Barnes Center Prop. Assoc. Contribution	1,100	-	-	-
Total Expenditures	<u>60,000</u>	<u>99,148</u>	<u>97,747</u>	<u>1,401</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,335)	(81,540)	(80,139)	1,401
OTHER FINANCING SOURCES (USES)				
Developer Advance	54,000	102,000	85,500	(16,500)
Total Other Financing Sources (Uses)	<u>54,000</u>	<u>102,000</u>	<u>85,500</u>	<u>(16,500)</u>
NET CHANGE IN FUND BALANCE	17,665	20,460	5,361	(15,099)
Fund Balance (Deficit) - Beginning of Year	<u>748</u>	<u>748</u>	<u>(19,878)</u>	<u>(20,626)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 18,413</u>	<u>\$ 21,208</u>	<u>\$ (14,517)</u>	<u>\$ (35,725)</u>

See accompanying Notes to Basic Financial Statements.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Chaparral Pointe Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for El Paso County recorded on December 10, 2018 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City Council of Colorado Springs on September 11, 2018. The District's service area is located entirely in the City of Colorado Springs, Colorado.

At a special election of the eligible electors of the District on September 11, 2018, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements. The Service Plan limits total general obligation indebtedness to \$5,000,000.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 as general revenues.

Separate financial statements are provided for the governmental funds. 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 related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. 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 District has amended its annual budget for the year ending in December 31, 2021.

Pooled Cash and Investments

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 single bank account. 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.

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 installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets component of the District's net position.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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 – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Deficits

The General Fund reported a deficit balance in 2021 in the Fund Financial Statements. The deficit will be eliminated with the receipt of homeowners' service fees and funds advanced by the developer.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 16,320
Cash and Investments - Restricted	4,132
Total Cash and Investments	\$ 20,452

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

Deposits with Financial Institutions	\$ 16,952
Investments	3,500
Total Cash and Investments	\$ 20,452

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

At December 31, 2021, the District's cash deposits had a bank balance and carrying balance of \$16,952.

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 3,500

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. treasury securities 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2021, follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Governmental Type Activities:				
Capital Assets, not Being				
Depreciated:				
Construction in Progress	\$ -	\$ 1,165,935	\$ -	\$ 1,165,935
Total Capital Assets, not Being Depreciated	\$ -	\$ 1,165,935	\$ -	\$ 1,165,935

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

<u>Governmental Activities</u>	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Bonds Payable:					
Cash Flow Bonds:					
Series 2021A(3)	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -
Total Bonds Payable	-	1,350,000	-	1,350,000	-
Other Debts:					
Developer Advances:					
Operational	59,500	85,500	-	145,000	-
Capital	-	6,500	6,500	-	-
Accrued interest on					
Developer Advances:					
Operational	5,063	8,391	-	13,454	-
Total	<u>\$ 64,563</u>	<u>\$ 1,450,391</u>	<u>\$ 6,500</u>	<u>\$ 1,508,454</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

General Obligation Limited Tax Cash Flow Bonds, Series 2021A⁽³⁾

On June 24, 2021, the District issued General Obligation Limited Tax Cash Flow Bonds, Series 2021A⁽³⁾ (Series 2021A Bonds) in a par amounts of \$1,350,000. Proceeds from the sale of the Series 2021A Bonds will be used to pay Project Costs and costs of issuance of the Series 2021A Bonds.

The Series 2021A Bonds bear interest at the rate of 5.000% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Series 2021A Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Series 2021A Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Series 2021A Bonds compounds annually on each December 1. In the event any amounts due and owing on the Series 2021A Bonds remain outstanding on December 2, 2059, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Series 2021A Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption (Continued)

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	3.00%
June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	1.00
June 1, 2029, and thereafter	0.00

Pledged Revenue

The Series 2021A Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 30 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2006) or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Series 2021A Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Bonds Debt Service

The annual debt service requirements of the Series 2021A Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond Indenture;
- ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the Indenture to, the Trustee.
- ii. Suit for Judgment: The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Acts, the Bonds, the Bond Resolution, this Indenture, and any provision of law by such suit, action or special proceedings as the Senior Indenture Trustee, being advised by Counsel, shall deem appropriate.
- iii. Mandamus or Other Suit: The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2021, the District was not in default.

Developer Advances

The District has entered into Operation Funding Agreement with Century Land Holdings, LLC, (the Developer) as follows:

Operation Funding Agreements

On December 13, 2018, the District and Century Land Holdings, LLC, (the Developer), entered into that certain Operation Funding Agreement (The Agreement), and effective as of December 10, 2018, whereby the Developer agreed to advance funds to the District for operations, maintenance and administrative expenses. The Agreement was amended pursuant to First Amendment to Operation Funding Agreement, dated December 10, 2019, and was further amended pursuant to the Second Amendment to Operation Funding Agreement, dated December 8th, 2020 (as so amended, the Amended Agreement).

Under the Amended Agreement, the Developer agreed to advance funds sufficient to pay operation and maintenance expenses incurred in 2021, not to exceed the Shortfall Amount of \$129,000. Under the Amended Agreement, advances bear simple interest at 8.0% per annum. As of December 31, 2021, outstanding advances under this agreement totaled \$145,000 and accrued interest totaled \$13,454.

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$65,000,000 at an interest rate not to exceed 18% per annum, in the following amounts for the following purposes:

	Amount Authorized on November 6, 2018	Authorization Used by Series 2021A(3) Bonds	Authorized But Unissued as of December 31, 2021
Street Improvements	\$ 5,000,000	\$ 1,350,000	\$ 3,650,000
Parks and Recreation	5,000,000	-	5,000,000
Water System	5,000,000	-	5,000,000
Storm and Sanitary Sewer System	5,000,000	-	5,000,000
Public Transportation	5,000,000	-	5,000,000
Mosquito Control	5,000,000	-	5,000,000
Safety Protection	5,000,000	-	5,000,000
Fire Protection	5,000,000	-	5,000,000
TV Relay and Translation	5,000,000	-	5,000,000
Security Services	5,000,000	-	5,000,000
Reimbursement Agreements	5,000,000	-	5,000,000
District Intergovernmental Agreements	5,000,000	-	5,000,000
Debt Refunding	5,000,000	-	5,000,000
Total	<u>\$ 65,000,000</u>	<u>\$ 1,350,000</u>	<u>\$ 63,650,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2020, as follows:

Restricted Net Position:	Governmental Activities
Emergency Reserves	\$ 600
Total Restricted Net Position	<u>\$ 600</u>

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued to construct public improvements for the benefit of other governmental entities, and which costs have not been recorded on the District's financial records.

NOTE 7 RELATED PARTIES

The property within the District is being developed by Century Land Holdings, LLC (the Developer). During 2021, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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 10 TAX, SPENDING, AND DEBT LIMITATION

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

**CHAPARRAL POINTE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)

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 November 6, 2018, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

SUPPLEMENTARY INFORMATION

**CHAPARRAL POINTE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,632	\$ 1,631	\$ 1,631	\$ -
Specific Ownership Taxes	163	192	192	-
Total Revenues	<u>1,795</u>	<u>1,823</u>	<u>1,823</u>	<u>-</u>
EXPENDITURES				
County Treasurer's Fees	24	26	26	-
Bond Interest - Series 2020A	-	2,708	2,708	-
Total Expenditures	<u>24</u>	<u>2,734</u>	<u>2,734</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,771	(911)	(911)	-
Fund Balance - Beginning of Year	<u>960</u>	<u>958</u>	<u>958</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,731</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ -</u></u>

**CHAPARRAL POINTE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Series 2021A Bond Proceeds	\$ -	\$ 1,350,000	\$ 1,350,000	\$ -
Total Revenues	-	1,350,000	1,350,000	-
EXPENDITURES				
Repay developer advance	-	6,500	6,500	-
Series 2021A Costs of Issuance	-	184,065	183,065	1,000
Capital outlay	-	1,165,935	1,165,935	-
Total Expenditures	-	1,356,500	1,355,500	1,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,500)	(5,500)	1,000
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	6,500	6,500	-
Total Other Financing Sources (Uses)	-	6,500	6,500	-
NET CHANGE IN FUND BALANCE	-	-	1,000	1,000
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 1,000	\$ 1,000

OTHER INFORMATION

**CHAPARRAL POINTE METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2019	\$ -	10.000	0.000	\$ -	\$ -	0.00 %
2020	26,250	11.132	33.397	1,169	1,169	100.00
2021	48,870	11.132	33.397	2,176	2,175	99.95
Estimated for the Year Ending December 31,						
2022	\$ 958,780	11.132	33.397	\$ 42,694		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements, if applicable. Information received from the County Treasurer does not permit identification of specific year of assessment.