

REGENCY METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: (303) 987-0835
Fax: (303) 987-2032
Website: <https://regencymd.colorado.gov/>

NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Thomas J. Brinkman II	President	2025/May 2025
James E. Marshall	Assistant Secretary	2025/May 2025
Shelley Marshall	Assistant Secretary	2023/May 2023
Lisa S. Brinkman	Assistant Secretary	2023/May 2023
VACANT		2022/May 2022
Ann E. Finn	Secretary	

DATE: June 7, 2022

TIME: 2:00 p.m.

PLACE: Conference Call
Telephone Number: 1-669-900-6833
Meeting ID: 434 948 0582
Passcode: 355867

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of the meeting and posting of meeting notice and designate 24-hour posting location.

C. Review and approve the minutes of the October 12, 2021 Special Meeting (enclosure).

D. Discuss results of the cancelled of May 3, 2022 Regular Directors' Election (enclosure).

E. Confirm filing of Oaths of Office.

F. Discuss vacancies on the Board and consider the appointment of eligible elector(s).

G. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

G. Consider authorizing interested Board Members to attend the 2022 Special District Association's Annual Conference in Keystone on September 13, 14 and 15, 2022.

II. PUBLIC COMMENT

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

III. FINANCIAL MATTERS

A. Review and ratify approval of payment of claims for the period beginning October 1, 2021 through May 31, 2022 for the total amount of \$252,868.71 (enclosure).

B. Review and accept unaudited financial statements through the period ending April 30, 2022 (enclosure).

C. Ratify approval of the engagement of Simmons & Wheeler, P.C. to perform the 2021 Audit, in the amount of \$4,300.

D. Review and consider approval of 2021 Audit and authorize execution of Representations Letter (draft audit – enclosed).

IV. LEGAL MATTERS

A. _____

V. OTHER MATTERS

A. _____

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR
OCTOBER 11, 2022 – BUDGET HEARING.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE REGENCY METROPOLITAN DISTRICT HELD OCTOBER 12, 2021

A Special Meeting of the Board of Directors of the Regency Metropolitan District (referred to hereafter as "Board") was convened on Tuesday, October 12, 2021, at 2:00 p.m. The District Board meeting was held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Thomas J. Brinkman II
James E. Marshall
Lisa Brinkman
Shelley D. Marshall

The absence of Director Scott Marshall was excused.

Also In Attendance Were:

Ann E. Finn; Special District Management Services, Inc.
MaryAnn McGeady, Esq. and Tim O'Connor, Esq.; McGeady Becher P.C.
Eric Weaver and Cheri Curtis; Marchetti & Weaver, LLC

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

It was noted that a quorum was present and Attorney McGeady requested members of the Board to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Ms. Finn noted that conflict disclosure statements were filed for all Directors by the statutory deadline with the Secretary of State. No additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn distributed for the Board's review and approval a proposed agenda for the District's Special Meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director L. Brinkman, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the agenda was approved.

Meeting Location and Posting of Meeting Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting and determined to hold the meeting by conference call. Ms. Finn reported that notice was duly posted and that no objections to the telephonic manner of the meeting by taxpaying electors within the District boundaries were received.

June 8, 2021 Minutes: The Board reviewed the Minutes of the June 8, 2021 Special Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall, upon vote, unanimously carried, the Minutes of the June 8, 2021 Special Meeting were approved, as presented.

Resolution No. 2021-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices: Ms. Finn discussed with the Board Resolution No. 2021-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet at 2:00 p.m. on June 7, 2022 and October 12, 2022 via conference call.

Following discussion, upon motion duly made by Director L. Brinkman, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

§32-1-809, C.R.S., Requirements (Transparency Notice): The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2022.

Following discussion, upon motion duly made by Director L. Brinkman, seconded by Director Shelley Marshall, upon vote, unanimously carried, the Board authorized the staff to post the Transparency Notice on the Special District Association Website.

RECORD OF PROCEEDINGS

PUBLIC COMMENT There was no public comment.

**FINANCIAL
MATTERS**

Payment of Claims: Mr. Weaver reviewed with the Board the payment of claims for the period beginning June 1, 2021 through September 30, 2021 for the total amount of \$13,921.11.

Following discussion, upon motion duly made by Director T. Brinkman, seconded by Director J. Marshall T. Brinkman and, upon vote, unanimously carried, the Board ratified approved the payment of claims, as presented.

Unaudited Financial Statements/Schedule of Cash Position: Mr. Weaver reviewed with the Board the unaudited financial statements for the period ending August 31, 2021.

Following review and discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending August 31, 2021, as presented.

2021 Audit Preparation: The Board reviewed the proposal from Simmons & Wheeler, PC to perform the 2021 Audit.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board approved the engagement of Simmons & Wheeler, PC to perform the 2021 Audit, for an amount not to exceed \$5,000.

Public Hearing on 2021 Budget Amendment: The President opened the public hearing to consider an amendment to the 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider an amendment to the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

The Board determined that an amendment to the 2021 Budget was not necessary.

Public Hearing on 2022 Budget: The President opened the public hearing to consider the proposed 2022 Budget and discuss related issues.

RECORD OF PROCEEDINGS

It was noted that publication of Notice stating that the Board would consider adoption of the 2022 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received, and the President closed the public hearing.

Mr. Weaver reviewed the estimated year-end 2021 revenues and expenditures and the proposed 2022 estimated revenues and expenditures. Following discussion, the Board considered the adoption of Resolution No. 2021-10-02 to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution No. 2021-10-03 to Set Mill Levies (for the General Fund at 24.111 mills and the Debt Service Fund at 23.500 mills, for a total of 47.611 mills). Upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Resolutions were adopted, subject to final AV, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2021. Ms. Finn was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Douglas County and the Division of Local Government not later than December 15, 2021. Ms. Finn was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2022. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: The Board reviewed Resolution No. 2021-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy

RECORD OF PROCEEDINGS

Certification form for certification to the Board of County Commissioners and other interested parties.

2023 Budget Preparation: The Board discussed the preparation of the 2023 Budget.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2023 Budget. The Board determined to hold the public hearing to consider adoption of the 2023 Budget on October 12, 2022, at 2:00 p.m. via conference call.

Reimbursement to BCX Development Partners #1, LLC: The Board considered the reimbursement to BCX Development Partners #1, LLC.

Following consideration, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board authorized reimbursement to BCX Development Partners #1, LLC.

LEGAL MATTERS

Resolution to Call the May 3, 2022 Regular Election: The Board entered into discussion regarding the upcoming election and Resolution No. 2021-10-05 to Call the May 3, 2022 Regular Election.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-05 to Call the May 3, 2022 Regular Election and appointed Ann Finn as the Designated Election Official and authorized her to perform all tasks required for the May 3, 2022 Regular Election of the Board of Directors for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

OTHER MATTERS

There were no other matters to discuss at this time.

RECORD OF PROCEEDINGS

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by, seconded by and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

**RESOLUTION OF DESIGNATED ELECTION OFFICIAL
REGARDING CANCELLATION OF ELECTION AND
DECLARATION DEEMING CANDIDATES ELECTED**

REGENCY METROPOLITAN DISTRICT
Douglas County, Colorado

A. The Designated Election Official of the Regency Metropolitan District (“**District**”) has been duly authorized by the Board of Directors of the District to cancel the election and declare candidates elected at the close of business on the sixty-third (63rd) day before the election to be conducted on May 3, 2022, pursuant to that certain Resolution Calling Election attached hereto as **Exhibit A**.

B. On the sixty-third (63rd) day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates.

NOW, THEREFORE, be it resolved by the Designated Election Official of the District that:

1. The regular election to be conducted on May 3, 2022, is hereby cancelled pursuant to Section 1-13.5-513, C.R.S.
2. The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Thomas J. Brinkman	Second Regular Election, May 2025
James E. Marshall	Second Regular Election, May 2025
Lisa S. Brinkman	Next Regular Election, May 2023
Vacant	Second Regular Election, May 2025

DATED this 2nd day of March, 2022.

REGENCY METROPOLITAN DISTRICT

By: *Ann Finn*
Ann Finn, Designated Election Official
Regency Metropolitan District
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Phone: (303) 987-0835

EXHIBIT A

Resolution Calling Election

RESOLUTION NO. 2021-10-05

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
REGENCY METROPOLITAN DISTRICT
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 3, 2022**

A. The terms of the offices of Directors Thomas J. Brinkman III, Scott Marshall, and James E. Marshall shall expire upon the election of their successors at the regular election, to be held on May 3, 2022 (“**Election**”), and upon such successors taking office.

B. The term of the office to which Director Lisa Brinkman has previously been appointed expires upon her re-election, or the election of her successor at the Election, and upon such successor taking office.

C. In accordance with the provisions of the Special District Act (“**Act**”) and the Uniform Election Code (“**Code**”), the Election must be conducted to elect one (1) Directors to serve until the next regular election, to occur May 2, 2023, and three (3) Directors to serve until the second regular election, to occur May 6, 2025.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Regency Metropolitan District (the “**District**”) of the Town of Parker, Douglas County, Colorado:

1. Date and Time of Election. The Election shall be held on May 3, 2022, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, one (1) Directors shall be elected to serve until the next regular election, to occur May 2, 2023, and three (3) Directors shall be elected to serve until the second regular election, to occur May 6, 2025.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Ann E. Finn shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Call for Nominations. The Designated Election Official shall provide Call for Nominations as required under Section 1-13.5-501, C.R.S., as applicable.

6. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with the Designated Election Official of the District, at 141 Union Blvd., Suite 150, Lakewood, Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 26, 2022).

Self-Nomination and Acceptance Forms. Self-Nomination and Acceptance Forms are available and can be obtained from the Designated Election Official for the Regency Metropolitan District, at the above address and on the District's website at <https://regencymd.colorado.gov>.

7. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on March 1, 2022, the sixty-third day prior to the regular election, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

8. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

9. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

10. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of Regency Metropolitan District.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 3, 2022]**

RESOLUTION APPROVED AND ADOPTED on October 12, 2021.

REGENCY METROPOLITAN DISTRICT

By: Thomas J Brinkman Sr
President

Attest:

Ann Finn
Secretary

Regency Metropolitan District
 Payment of Claims
 May 31, 2022

GENERAL FUND PAYMENTS TO BE APPROVED

Payee	Description	Amount
Marchetti & Weaver, LLC	Accounting - April	\$434.86
McGeady Becher, P.C	Legal - March 2022	\$1,323.33
Special District Management Services, Inc	District Management - April	\$503.60
TOTAL GENERAL FUND PAYMENTS TO BE RATIFIED & APPROVED		<u>\$2,261.79</u>

GENERAL FUND PAYMENTS TO BE RATIFIED

Payee	Description	Amount
Colorado Community Media	Advertising Budget & Elections	\$51.36
CO Special Dist Property & Liability Pool	Liability Insurance	\$2,711.00
First Bank	Bank Fees - October 2021-May 2022	\$140.00
Marchetti & Weaver, LLC	Accounting - September 2021	\$400.60
	Accounting - October 2021	\$1,052.48
	Accounting - November 2021	\$399.30
	Accounting - December 2021	\$795.02
	Accounting - January 2022	\$882.98
	Accounting - February 2022	\$1,447.60
	Accounting - March 2022	\$661.54
McGeady Becher, P.C	Legal - September 2021	\$159.00
	Legal - October 2021	\$3,723.58
	Legal - November 2021	\$160.00
	Legal - December 2021	\$502.00
	Legal - January 2022	\$786.69
	Legal - February 2022	\$213.43
Parker Homestead Investment	Developer Advance Reimbursement	\$44,000.00
Special District Association	2022 Dues	\$529.67
Special District Management Services, Inc	District Management - September 2021	\$806.40
	District Management - October 2021	\$858.00
	District Management - November 2021	\$203.20
	District Management - December 2021	\$547.20
	District Management - January 2022	\$945.27
	District Management - February 2022	\$892.20
	District Management - March 2022	\$963.40
T Charles Wilson Ins	Insurance	\$775.00
TOTAL GENERAL FUND PAYMENTS TO BE RATIFIED & APPROVED		<u>\$64,606.92</u>

Regency Metropolitan District
Payment of Claims
May 31, 2022

DEBT SERVICE PAYMENTS TO BE RATIFIED

Payee	Description	Amount
UMB	Bond Payment - December 2021	\$93,000.00
UMB	Bond Interest - June 2022	\$93,000.00
TOTAL DEBT SERVICE PAYMENTS TO BE RATIFIED & APPROVED		<u>\$186,000.00</u>
TOTAL TO BE RATIFIED & APPROVED		<u>\$252,868.71</u>

Regency Metropolitan District
Statement of Net Position
April 30, 2022

	General Fund	Debt Service	Fixed Assets & LTD	TOTAL ALL FUNDS
ASSETS				
CASH				
First Bank Checking	2,956			2,956
ColoTrust	181,948			181,948
UMB - Reserve Fund		302,219		302,219
UMB - Bond Payment Fund		21,325		21,325
Inter-Fund Balances	(86,447)	86,447		-
TOTAL CASH	98,457	409,991	-	508,448
OTHER CURRENT ASSETS				
Due From County Treasurer	-	-		-
Property Taxes Receivable	90,040	87,758		177,798
Accounts Receivable	-	-		-
Prepaid Expenses	-	-		-
TOTAL OTHER CURRENT ASSETS	90,040	87,758	-	177,798
FIXED ASSETS				
Parks Equipment			80,000	80,000
Accumulated Depreciation			(80,000)	(80,000)
TOTAL FIXED ASSETS	-	-	-	-
DEFERRED OUTFLOWS				
Deferred Loss on Refunding			91,412	91,412
TOTAL DEFERRED INFLOWS	-	-	91,412	91,412
TOTAL ASSETS & DEF INFLOWS	188,497	497,749	91,412	777,658
LIABILITIES & DEFERED INFLOWS				
CURRENT LIABILITIES				
Accounts Payable	4,125			4,125
TOTAL CURRENT LIABILITIES	4,125	-	-	4,125
DEFERRED INFLOWS				
Deferred Property Taxes	90,040	87,758		177,798
TOTAL DEFERRED INFLOWS	90,040	87,758	-	177,798
LONG-TERM LIABILITIES				
Bonds Payable-Series 2019			3,720,000	3,720,000
Developer Advance- Ops			-	-
Developer Advance- Cap			92,139	92,139
Accrued Interest- Bonds			15,500	15,500
Accrued Interest- Dev Adv- Ops			114,986	114,986
Accrued Interest- Dev Adv- Cap			346,410	346,410
Deferred Bond Premium			75,066	75,066
TOTAL LONG-TERM LIABILITIES	-	-	4,364,101	4,364,101
TOTAL LIAB & DEF INFLOWS	94,165	87,758	4,364,101	4,546,024
NET POSITION				
Net Investment in Capital Assets			-	-
Amount to be Provided for Debt			(4,272,689)	(4,272,689)
Fund Balance- Nonspendable	-			-
Fund Balance- Restricted	5,592	409,991	-	415,583
Fund Balance- Unassigned	88,740			88,740
TOTAL NET POSITION	94,332	409,991	(4,272,689)	(3,768,366)

Regency Metropolitan District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Preliminary Budget	Notes/Assumptions
PROPERTY TAXES									
Assessed Valuation	6,957,460	7,150,330		7,150,330				6,913,480	May Prelim AV Per County
Mill Levy Breakdown:									
Mill Levy - Operations	23.614	24.111		24.111				22.678	Remaining Available
Mill Levy - Debt Service	24.000	23.500		23.500				25.000	Amount Needed To Cover Payments
Mill Levy - Contractual Obligations	0.000	0.000		0.000				0.000	No Longer Used
Total	47.614	47.611		47.611				47.678	35 mills gallagherized
Property Tax Revenue - Operations	164,293	172,402		172,402				156,784	AV * Mill Levy / 1,000
Property Tax Revenue - Debt & Cont Obl	166,979	168,033		168,033				172,837	AV * Mill Levy / 1,000
Total	331,273	340,434		340,434				329,621	
COMBINED FUNDS									
REVENUE									
Property Taxes	331,273	340,434	-	340,434	162,637	160,004	2,633	329,621	AV * Mill Levy / 1,000
Specific Ownership Taxes	31,947	27,192	-	27,192	7,173	6,798	375	26,343	8% of Taxes
Interest	267	5,200	(4,500)	700	327	1,733	(1,406)	10,500	Budget High to Avoid Amendment
Loan/Bond Proceeds, Prem, & Disc	-	-	-	-	-	-	-	-	Notes Refunded in 2019
TOTAL REVENUE	363,487	372,826	(4,500)	368,326	170,137	168,535	1,601	366,464	
EXPENDITURES									
General Government	44,962	77,312	17,540	59,773	16,049	22,903	6,854	82,124	All non-debt expenses
Debt Service- Bond Principal & Interest	186,000	186,000	-	186,000	-	-	-	186,000	See Debt Service Fund
Debt Service- Developer Repayments	132,801	130,000	(5,000)	135,000	-	-	-	115,000	See General & Debt Svc Funds
Debt Service- Cost of Issuance	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	363,763	393,312	12,540	380,773	16,049	22,903	6,854	383,124	
CHANGE IN FUND BALANCE	(275)	(20,486)	8,040	(12,446)	154,088	145,632	8,455	(16,660)	
BEGINNING FUND BALANCE	350,510	342,380	7,855	350,235	350,235	342,380	7,855	337,789	
ENDING FUND BALANCE	350,235	321,894	15,895	337,789	504,323	488,012	16,311	321,129	
COMPONENTS OF FUND BALANCE									
Nonspendable	450	5,200	(450)	4,750	-	-	-	5,000	Prepaid Insurance
TABOR Emergency Reserve	1,836	-	5,592	5,592	5,592	652	4,940	(0)	Budgeted as an Expenditure
Restricted For Debt Service	327,155	306,720	10,347	317,067	409,991	407,315	2,676	307,112	Per Debt Service Fund
Unassigned/ Other	20,794	9,974	406	10,380	88,740	80,045	8,694	9,017	Per General Fund
TOTAL ENDING FUND BALANCE	350,235	321,894	15,895	337,789	504,323	488,012	16,311	321,129	
=	=	=	=	=	=	=	=	=	

Regency Metropolitan District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Preliminary Budget	Notes/Assumptions	
GENERAL FUND										
REVENUE										
1-510	Property Taxes	164,294	172,402	-	172,402	82,362	81,029	1,333	156,784	AV * Mill Levy / 1,000
1-515	Specific Ownership Taxes	15,844	13,792	-	13,792	3,632	3,448	184	12,543	8% of Taxes
1-560	Interest Income	73	5,000	(4,800)	200	102	1,667	(1,564)	10,000	Budget High to Avoid Amendment
TOTAL REVENUE		180,210	191,194	(4,800)	186,394	86,097	86,143	(47)	179,327	
EXPENDITURES										
Administration										
1-612	Accounting	8,917	12,500	-	12,500	3,059	4,167	1,108	13,000	Based on 2022 Forecast
1-614	District Management	6,518	12,500	-	12,500	2,438	4,167	1,729	13,000	Based on 2022 Forecast
1-615	Audit	4,300	4,500	-	4,500	-	-	-	4,750	Based on 2022 Forecast
1-635	Election	-	3,500	-	3,500	1,004	2,800	1,796	3,500	Assume Canceled
1-670	Insurance & SDA Dues	4,348	4,870	404	4,466	4,466	4,870	404	4,750	Based on 2022 Forecast
1-675	Legal	11,339	12,500	-	12,500	2,211	4,167	1,956	13,000	Based on 2022 Forecast
1-685	Miscellaneous Expense	1,069	1,000	(200)	1,200	432	333	(99)	1,300	Based on 2022 Forecast
1-700	Treasurer's Fees	2,465	2,586	-	2,586	1,235	1,215	(20)	2,352	1.5% of property taxes
1-795	Emergencies	-	1,836	1,836	-	-	-	-	5,380	3% TABOR Reserve
	Contingency	-	6,500	6,500	-	-	-	-	10,000	Unforeseen needs
Total Administration		38,956	62,292	8,540	53,752	14,845	21,719	6,874	71,032	
Debt Service										
1-710	Developer Repayment- Ops Principal	18,801	-	-	-	-	-	-	-	Paid off in 2021
1-720	Developer Repayment- Cap Principal	114,000	96,141	4,002	92,139	-	-	-	-	Pay off in 2022
	Developer Repayment- Ops Interest	-	33,860	(9,002)	42,861	-	-	-	72,125	Pay off in 2023
	Developer Repayment- Cap Interest	-	-	-	-	-	-	-	42,875	Begin Paying Down In 2023
Total Debt Service		132,801	130,000	(5,000)	135,000	-	-	-	115,000	
TOTAL EXPENDITURES		171,757	192,292	3,540	188,752	14,845	21,719	6,874	186,032	
REVENUE OVER / (UNDER) EXP		8,453	(1,098)	(8,340)	(2,358)	71,252	64,425	6,827	(6,705)	
OTHER SOURCES / (USES)										
1-780	Transfer to Debt Service	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)		-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE		8,453	(1,098)	(1,260)	(2,358)	71,252	64,425	6,827	(6,705)	
1-450	BEGINNING FUND BALANCE	14,627	16,272	6,808	23,080	23,080	16,272	6,808	20,722	
ENDING FUND BALANCE		23,080	15,174	5,548	20,722	94,332	80,697	13,635	14,017	
COMPONENTS OF FUND BALANCE:		=	=	=	=	=	=	=	=	
1-142	Nonspendable	450	5,200	(450)	4,750	-	-	-	5,000	Prepaid Insurance
	Restricted for Emergencies	1,836	-	5,592	5,592	5,592	-	-	(0)	Budgeted as an Expenditure
	Unassigned	20,794	9,974	406	10,380	88,740	-	-	9,017	
TOTAL FUND BALANCE		23,080	15,174	5,548	20,722	94,332	80,697	13,635	14,017	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Regency Metropolitan District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Preliminary Budget	Notes/Assumptions	
DEBT SERVICE FUND										
REVENUE										
2-510	Property Taxes	166,979	168,033	-	168,033	80,275	78,975	1,299	172,837	AV * Mill Levy / 1,000 8% of Taxes Based on 2022 Forecast
2-515	Specific Ownership Taxes	16,103	13,400	-	13,400	3,540	3,350	190	13,800	
2-560	Interest Income	194	200	300	500	225	67	158	500	
TOTAL REVENUE		183,277	181,633	300	181,933	84,040	82,392	1,648	187,137	
EXPENDITURES										
2-605	Note Principal- 2015	-	-	-	-	-	-	-	-	Notes Refunded in 2019
2-606	Note Interest- 2015	-	-	-	-	-	-	-	-	Notes Refunded in 2019
	Bond Principal- 2019	-	-	-	-	-	-	-	-	Per Amortization Schedule
2-608	Bond Interest- 2019	186,000	186,000	-	186,000	-	-	-	186,000	Per Amortization Schedule
2-610	Developer Repayment- Ops Principal	-	-	-	-	-	-	-	-	Now in General Fund
2-615	Developer Repayment- Cap Principal	-	-	-	-	-	-	-	-	Now in General Fund
	Developer Repayment- Ops Interest	-	-	-	-	-	-	-	-	Now in General Fund
	Developer Repayment- Cap Interest	-	-	-	-	-	-	-	-	Now in General Fund
2-607	Non-Use Fees	-	-	-	-	-	-	-	-	No Longer Applicable
2-668	Trustee / Paying Agent Fees	3,500	3,500	-	3,500	-	-	-	3,500	Based on 2022 Forecast
2-700	Treasurer's Fees	2,505	2,520	-	2,520	1,204	1,185	(19)	2,593	1.5% of property taxes
2-618	Bond Cost of Issuance	-	-	-	-	-	-	-	-	
	Contingency	-	9,000	9,000	-	-	-	-	5,000	Unforeseen needs/ rev shortfalls
TOTAL EXPENDITURES		192,005	201,020	9,000	192,020	1,204	1,185	(19)	197,093	
REVENUE OVER / (UNDER) EXP		(8,728.26)	(19,388)	9,300	(10,088)	82,836	81,207	1,628	(9,956)	
OTHER SOURCES / (USES)										
2-523	Bond / Loan Proceeds	-	-	-	-	-	-	-	-	
2-525	Bond Premium	-	-	-	-	-	-	-	-	
2-894	Transfer to Capital Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)		-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE		(8,728)	(19,388)	9,300	(10,088)	82,836	81,207	1,628	(9,956)	
2-450	BEGINNING FUND BALANCE	335,883	326,108	1,047	327,155	327,155	326,108	1,047	317,067	
ENDING FUND BALANCE		327,155	306,720	10,347	317,067	409,991	407,315	2,676	307,112	
COMPONENTS OF FUND BALANCE:										
	Reserve Fund	302,000	302,000	-	302,000	302,000	302,000	-	302,000	\$302,000 Required by Loan
	Restricted for Debt Service	25,155	4,720	10,347	15,067	107,991	105,315	2,676	5,112	
TOTAL FUND BALANCE		327,155	306,720	10,347	317,067	409,991	407,315	2,676	307,112	
Balance of Loan/Bond (Beg of Year)		3,720,000	3,720,000	=	3,720,000	=	=	=	3,720,000	
Assessed Valuation		6,957,460	7,150,330	=	7,150,330	=	=	=	6,913,480	
Debt to Assessed Ratio (Beg of Year)		53%	52%	52%	52%	=	=	=	54%	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

January 12, 2022

Board of Directors
Regency Metropolitan District
c/o Marchetti & Weaver, LLC
28 Second Street, Suite 213
Edwards, CO 81632

We are pleased to confirm our understanding of the services we are to provide Regency Metropolitan District for the year ended December 31, 2021.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Regency Metropolitan District as of and for the ended December 31, 2021. Accounting standards generally accepted in the United States of America (“GAAS”) provide for certain required supplementary information (“RSI”), such as management’s discussion and analysis (“MD&A”), to supplement Regency Metropolitan District’s basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to Regency Metropolitan District’s RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by U.S. generally accepted accounting principles (“GAAP”) and will be subjected to certain limited procedures, but will not be audited: MD&A, as prepared by management, if applicable. We will apply certain limited procedures, which will consist principally of inquiries of management regarding methods of measurement and presentation, to management's discussion and analysis. However, we will not audit the MD&A and will express no opinion on it.

If applicable, we have also been engaged to report on supplementary information other than RSI that accompanies Regency Metropolitan District’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements.

If applicable, the document will include other information accompanying the financial statements that will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Regency Metropolitan District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

If applicable, we will also prepare the financial statements of Regency Metropolitan District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Simmons & Wheeler, PC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to grantor or cognizant agencies or a federal agency providing direct or indirect funding. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Simmons & Wheeler, PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to other firms of Certified Public Accountants for our firm's required participation in the American Institute of Certified Public Accountants 'Peer Review' process. If requested, access to such audit documentation will be provided under the supervision of Simmons & Wheeler, PC personnel.

John Simmons or Diane Wheeler will be the engagement partner and will be responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on a date mutually agreed to by your accountants and our firm, and to issue our reports no later than July 31, 2022, or September 30, 2022, if the District requests an extension of time from the state auditor.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$4,300. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Regency Metropolitan District's financial statements. Our report will be addressed to those charged with governance of Regency Metropolitan District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit.

Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We certify that we will comply with the provisions of C.R.S. §8-17.5-101, *et seq.* We will not knowingly employ or contract with an illegal alien to perform work under this contract. We represent, warrant, and agree that we have verified that we do not employ any illegal aliens, through participation in the Electronic Employment Verification Program administered by the Social Security Administration and the Department of Homeland Security. We have not used the Electronic Employment Verification Program to undertake pre-employment screening of job applicants. We shall use no subcontractor in the performance of our services under this engagement letter. We will comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation the department is undertaking pursuant to the law. If we violate any provision of C.R.S. §8-17.5-101, *et seq.* the District may terminate this contract for breach of contract, and we shall be liable for actual and consequential damages to the District.

We appreciate the opportunity to be of service to Regency Metropolitan District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below, and return this letter to us.

Very truly yours,


Simmons & Wheeler P.C.

Simmons & Wheeler, P.C.

RESPONSE

This letter correctly sets forth the understanding of Regency Metropolitan District:

By



Title

JAMES MARSHALL
PRESIDENT

Date

11/14/22

DRAFT 3/22/2022

**REGENCY
METROPOLITAN DISTRICT**

Financial Statements

December 31, 2021

with
Independent Auditors' Report

DRAFT 3/22/2022

C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	19
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	20

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 26,006	\$ -	\$ 26,006	\$ -	\$ 26,006
Cash and investments - restricted	1,836	326,018	327,854	-	327,854
Receivable - County Treasurer	1,119	1,137	2,256	-	2,256
Property taxes receivable	172,402	168,033	340,435	-	340,435
Prepaid expenses	<u>450</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>450</u>
Total Assets	<u>201,813</u>	<u>495,188</u>	<u>697,001</u>	<u>-</u>	<u>697,001</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,412</u>	<u>91,412</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,412</u>	<u>91,412</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 201,813</u>	<u>\$ 495,188</u>	<u>\$ 697,001</u>		
LIABILITIES					
Accounts payable	\$ 6,331	\$ -	\$ 6,331	-	6,331
Accrued interest on bonds	-	-	-	15,500	15,500
Long-term liabilities:					
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,348,602</u>	<u>4,348,602</u>
Total Liabilities	<u>6,331</u>	<u>-</u>	<u>6,331</u>	<u>4,364,102</u>	<u>4,370,433</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>172,402</u>	<u>168,033</u>	<u>340,435</u>	<u>-</u>	<u>340,435</u>
Total Deferred Inflows of Resources	<u>172,402</u>	<u>168,033</u>	<u>340,435</u>	<u>-</u>	<u>340,435</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	450	-	450	(450)	-
Restricted:					
Emergencies	1,836	-	1,836	(1,836)	-
Debt service	-	327,155	327,155	(327,155)	-
Unassigned	<u>20,794</u>	<u>-</u>	<u>20,794</u>	<u>(20,794)</u>	<u>-</u>
Total Fund Balances	<u>23,080</u>	<u>327,155</u>	<u>350,235</u>	<u>(350,235)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 201,813</u>	<u>\$ 495,188</u>	<u>\$ 697,001</u>		
Net Position:					
Net investment in capital assets				(4,257,190)	(4,257,190)
Restricted for:					
Emergencies				1,836	1,836
Debt service				311,655	311,655
Unrestricted				<u>21,244</u>	<u>21,244</u>
Total Net Position				<u>\$(3,922,455)</u>	<u>\$(3,922,455)</u>

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

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES					
Accounting	\$ 8,917	\$ -	\$ 8,917	\$ -	\$ 8,917
Audit	4,300	-	4,300	-	4,300
Insurance	4,348	-	4,348	-	4,348
Legal	11,339	-	11,339	-	11,339
Management fees	6,518	-	6,518	-	6,518
Miscellaneous expenses	1,070	-	1,070	-	1,070
Treasurer's fees	2,465	2,504	4,969	-	4,969
Bond interest expense	-	186,000	186,000	3,339	189,339
Paying agent fees	-	3,500	3,500	-	3,500
Developer repayment - operations	18,801	-	18,801	(18,801)	-
Developer repayment - capital	114,000	-	114,000	(114,000)	-
Developer interest	-	-	-	7,327	7,327
	<u>171,758</u>	<u>192,004</u>	<u>363,762</u>	<u>(122,135)</u>	<u>241,627</u>
Total Expenditures/Expenses					
GENERAL REVENUES					
Property taxes	164,294	166,979	331,273	-	331,273
Specific ownership taxes	15,844	16,103	31,947	-	31,947
Interest income	73	194	267	-	267
	<u>180,211</u>	<u>183,276</u>	<u>363,487</u>	<u>-</u>	<u>363,487</u>
Total General Revenues					
NET CHANGES IN FUND BALANCES	8,453	(8,728)	(275)	275	
CHANGE IN NET POSITION				121,860	121,860
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>14,627</u>	<u>335,883</u>	<u>350,510</u>	<u>(4,394,825)</u>	<u>(4,044,315)</u>
END OF YEAR	<u>\$ 23,080</u>	<u>\$ 327,155</u>	<u>\$ 350,235</u>	<u>\$ (4,272,690)</u>	<u>\$ (3,922,455)</u>

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

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 164,293	\$ 164,294	\$ 1
Specific ownership taxes	13,143	15,844	2,701
Interest income	<u>100</u>	<u>73</u>	<u>(27)</u>
Total Revenues	<u>177,536</u>	<u>180,211</u>	<u>2,675</u>
EXPENDITURES			
Accounting	12,000	8,917	3,083
Audit	4,500	4,300	200
Insurance	4,500	4,348	152
Legal	12,000	11,339	661
Management fees	12,000	6,518	5,482
Miscellaneous expenses	500	1,070	(570)
Treasurer's fees	2,464	2,465	(1)
Developer repayment - operations	23,801	18,801	5,000
Developer repayment - capital	95,000	114,000	(19,000)
Emergency reserve	5,326	-	5,326
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>177,091</u>	<u>171,758</u>	<u>5,333</u>
NET CHANGE IN FUND BALANCE	445	8,453	8,008
FUND BALANCE:			
BEGINNING OF YEAR	<u>12,352</u>	<u>14,627</u>	<u>2,275</u>
END OF YEAR	<u>\$ 12,797</u>	<u>\$ 23,080</u>	<u>\$ 10,283</u>

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

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Regency Metropolitan District, (“the District”), located in the Town of Parker, Douglas 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 May 25, 2006, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

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, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

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 type of 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 type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2021.

It is the policy of the Town of Parker to accept the maintenance responsibility for streets and drainage facilities within the Town of Parker only after a probationary period following completion of construction. Upon final acceptance of the improvements by the Town of Parker, the District removed the cost of construction from its Statement of Net Assets. The District will retain the landscaping of the common areas containing park equipment.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The playground equipment will be depreciated using a straight-line method over the following estimated useful lives:

Parks, equipment: 10 years

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

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

Long-Term Obligations

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

Deferred Loss on Refunding

The Deferred Loss on Refunding on the Series 2019 Bonds is being amortized over the term of the refunded loan using the straight-line method. Accumulated amortization on the loss on refunding amounted to \$46,019 at December 31, 2021.

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:

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$450 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,836 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 \$327,155 is restricted for the payment of the debt service costs associated with the Series 2019 Bonds (see Note 4).

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 26,006
Cash and investments - Restricted	<u>327,854</u>
Total	<u>\$ 353,860</u>

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

Deposits with financial institutions	\$ 8,321
Investments - COLOTRUST	<u>345,539</u>
	<u>\$ 353,860</u>

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

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 follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

Credit risk

The District has adopted a formal investment policy and follows the state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust 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 the trust. Substantially all securities owned by the trust 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, 2021, the District had \$345,539 invested in COLOTRUST.

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
<u>Capital assets being depreciated:</u>				
Parks, equipment	\$ 80,000	\$ -	\$ -	\$ 80,000
Total capital assets being depreciated	80,000	-	-	80,000
 <u>Accumulated Depreciation:</u>				
Parks, equipment	(80,000)	-	-	(80,000)
Total accumulated depreciation	(80,000)	-	-	(80,000)
 Net capital assets being depreciated	 -	 -	 -	 -
 Government type assets, net	 \$ -	 \$ -	 \$ -	 \$ -

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

The Town of Parker has accepted conveyance of the street improvements. The HOA will maintain the park and landscaping improvements in the common areas.

Note 4: Long-Term Debt

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

\$3,720,000 General Obligation Limited Tax Refunding Bonds, Series 2019

On June 21, 2019, the District issued \$3,720,000 General Obligation Limited Tax Refunding Bonds, Series 2019 (“Series 2019 Bonds”) for the purpose of refunding the Series 2015 Note, paying the costs of issuance of the Series 2019 bonds and cost incurred in connection with the refunding of the Series 2015 Note, and funding the Reserve Fund. The Series 2019 Bonds bear interest at the rate of 5.0%, payable semiannually on each June 1 and December 1, commencing on December 1, 2019, and mature on December 1 2046. The Series 2019 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2024 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on June 1, 2024, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2019 Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2019 Bonds are also secured by the Reserve Fund. At the date of issuance, the Reserve Fund was funded in the amount of \$302,000.

The Series 2019 Bonds were issued to retire the series 2015 Loan which had a balloon maturity on December 1, 2020.

Events of Default as defined in the Series 2019 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2019 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2019 Bonds is not an available remedy for an Event of Default.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Operation Funding Agreement

On June 20, 2006, the District entered into a 2006 – 2007 Operation Funding Agreement with BCX Development Partners #1, LLC (the Developer). The District anticipated that it would not have sufficient funds to make the payment of its operations and maintenance expenses in fiscal years 2006 and 2007; therefore pursuant to this agreement the Developer would advance funds to meet any shortfalls. The advances earn interest from the date the moneys are deposited into the District's account at the rate of the Prime Interest Rate plus 1%. On October 17, 2006, this agreement was amended and restated to extend the shortfall dates for the years 2006 through December 31, 2009 (“Amended and Restated OFA”). The Developer agreed to advance up to \$175,000 to the District for operation and maintenance shortfalls through December 31, 2009.

As of December 31, 2021, the outstanding principal amount the District owed the Developer was \$0, and the total accrued interest was \$114,985.

The District has agreed to repay the Developer advances and accrued interest subject to the availability of funds and subject to annual appropriation. Pursuant to the October 18, 2016 First Amendment to the Amended and Restated OFA, payments shall credit first against the principal amount due and then against the accrued and unpaid interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement terminates on December 31, 2031, or when all amounts due to the Developer under the agreement have been repaid, whichever is earlier.

Project Funding and Reimbursement Agreement

On June 20, 2006, the District entered into a Project Funding and Reimbursement Agreement (“PFRA”) with the Developer. The Developer has agreed to advance funds to the District for the design, construction and completion of the infrastructure improvements within the District outlined in the Service Plan.

The District has agreed to repay the Developer advances and accrued interest, at the rate of prime plus 1%, subject to the availability of funds and subject to annual appropriation. Pursuant to the October 18, 2016 First Amendment to the PFRA, payments shall credit first against the principal amount due and then against the accrued and unpaid interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement terminates on December 31, 2046, or when all amounts due to the Developer under the agreement have been repaid, whichever is earlier.

As of December 31, 2021, the outstanding principal amount the District owed the Developer was \$92,139, and the total accrued interest was \$346,412.

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
<u>General Obligation Bonds:</u>					
Series 2019 Bonds	\$ 3,720,000	\$ -	\$ -	\$ 3,720,000	\$ -
Series 2019 Bonds - Premium	79,344	-	4,278	75,066	-
	3,799,344	-	4,278	3,795,066	-
<u>Other</u>					
Devel Adv - Operating	18,801	-	18,801	-	-
Accrued Int.	114,633	352	-	114,985	-
Devel Adv - Capital	206,139	-	114,000	92,139	-
Accrued Int.	339,437	6,975	-	346,412	-
	679,010	7,327	132,801	553,536	-
Total	<u>4,478,354</u>	<u>\$ 7,327</u>	<u>\$ 137,079</u>	<u>\$ 4,348,602</u>	<u>\$ -</u>

There are no unused Lines of Credit as of December 31, 2021.

The following is a summary of the annual long-term debt principal and interest payment requirements for the 2019 Series Bonds as of December 31, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 186,000	\$ 186,000
2023	-	186,000	186,000
2024	55,000	186,000	241,000
2025	60,000	183,250	243,250
2026	70,000	180,250	250,250
2027 - 2031	455,000	842,000	1,297,000
2032 - 2036	650,000	709,250	1,359,250
2037 - 2041	895,000	523,500	1,418,500
2042 - 2046	<u>1,535,000</u>	<u>267,750</u>	<u>1,802,750</u>
	<u>\$ 3,720,000</u>	<u>\$ 3,264,000</u>	<u>\$ 6,984,000</u>

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Debt Authorization

At elections held in 2006, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness, for public improvements and operations and maintenance, in an amount not to exceed \$3,200,000. The District currently has \$119 in authorized but unissued debt. The District did not budget for any issuance of debt in 2022.

Note 5: Related Parties

The majority of the Board members of the District are employees, officers or consultants to the Developer. The Developer has advanced cash to the District for operating and capital purposes (see Note 4).

Note 6: Tax Spending and Debt Limitations

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

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

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

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

On May 2, 2006, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20, of the Colorado Constitution.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 7: Risk Management

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

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

Note 8: Reconciliation of government-wide financial statements and fund financial statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) Long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.
- 3) Governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

DRAFT 3/22/2022

SUPPLEMENTAL INFORMATION

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 166,979	\$ 166,979	\$ -
Specific ownership taxes	13,300	16,103	2,803
Interest income	800	194	(606)
Total Revenues	<u>181,079</u>	<u>183,276</u>	<u>2,197</u>
EXPENDITURES			
Bond interest expense	186,000	186,000	-
Paying agent fees	4,000	3,500	500
Contingency	3,324	-	3,324
Treasurer's fees	2,505	2,504	1
Total Expenditures	<u>195,829</u>	<u>192,004</u>	<u>3,825</u>
NET CHANGE IN FUND BALANCE	(14,750)	(8,728)	6,022
FUND BALANCE:			
BEGINNING OF YEAR	<u>334,243</u>	<u>335,883</u>	<u>1,640</u>
END OF YEAR	<u>\$ 319,493</u>	<u>\$ 327,155</u>	<u>\$ 7,662</u>

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

DRAFT 3/22/2022

REGENCY METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2021

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		Percent Collected to Levied
		<u>General</u>	<u>Debt</u>	<u>Levied</u>	<u>Collected</u>	
		<u>Fund</u>	<u>Service</u>			
2007	\$ 224,870	8.000	34.826	\$ 9,630	\$ 9,630	100.00%
2008	\$ 594,130	8.000	34.826	\$ 25,444	\$ 25,444	100.00%
2009	\$ 1,802,560	8.000	34.826	\$ 77,196	\$ 77,198	100.00%
2010	\$ 2,502,690	8.000	34.826	\$ 107,180	\$ 104,746	97.73%
2011	\$ 2,641,070	8.000	34.826	\$ 113,106	\$ 112,964	99.87%
2012	\$ 2,286,920	10.470	32.356	\$ 97,940	\$ 97,940	100.00%
2013	\$ 3,192,700	8.000	34.826	\$ 136,731	\$ 136,733	100.00%
2014	\$ 4,432,403	8.000	34.826	\$ 189,822	\$ 178,858	94.22%
2015	\$ 4,859,640	6.750	36.076	\$ 208,119	\$ 205,564	98.77%
2016	\$ 5,970,460	6.699	36.127	\$ 255,691	\$ 255,894	100.08%
2017	\$ 5,968,290	6.769	36.057	\$ 255,598	\$ 255,603	100.00%
2018	\$ 6,447,520	6.329	41.015	\$ 305,252	\$ 305,251	100.00%
2019	\$ 6,446,390	6.393	40.894	\$ 304,830	\$ 304,831	100.00%
2020	\$ 6,932,360	22.160	25.500	\$ 330,396	\$ 330,396	100.00%
2021	\$ 6,957,460	23.614	24.000	\$ 331,272	\$ 331,273	100.00%
Estimated for year ending December 31, 2022	\$ 7,150,330	24.111	23.500	\$ 340,435		

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.