

**2022 ANNUAL REPORT
PINEY CREEK VILLAGE METROPOLITAN DISTRICT**

As required by Section 32-1-207(3)(c), C.R.S., the following report of the activities of Piney Creek Village Metropolitan District (the “**District**”) from January 1, 2022 to December 31, 2022 is hereby submitted.

- A. **Boundary changes made:** No boundary changes were made or proposed during the reporting period.
- B. **Intergovernmental Agreements entered into or terminated:** The District did not enter into or terminate any Intergovernmental Agreements during the reporting period.
- C. **Access information to obtain a copy of rules and regulations adopted:** The District does not currently have any rules and regulations and there were none proposed during the reporting period. In the event the District adopts rules and regulations in the future, such documents may be accessed at the offices of Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, CO 80228, or on the District’s website: <https://pineycreekvillagemd.colorado.gov/>.
- D. **Summary of litigation involving the District’s public improvements:** To our knowledge, the District is not involved in any litigation.
- E. **Status of the District’s construction of public improvements:** There were no conveyances or dedications of facilities or improvements constructed by the District to the City of Centennial, Colorado (the “**City**”), or Arapahoe County, Colorado (the “**County**”) during the reporting period.
- F. **Conveyances or dedications of facilities or improvements, constructed by the District, to the City or County:** The District did not convey or dedicate any facilities or improvements to the City or the County during the reporting period.
- G. **Final assessed valuation of the District for the report year:** Final 2022 Assessed Valuation for property located within the District: **\$10,110,162**.
- H. **Current year’s budget:** A copy of the District’s 2023 budget is attached hereto as **Exhibit A**.
- I. **Audited financial statements for the reporting year (or application for exemption from audit):** A copy of the District’s 2022 Audit is attached hereto as **Exhibit B**.
- J. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument:** To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.

- K. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period:** To our knowledge, the District has been able to pay its obligations as they come due.

Exhibit A
Budget

RESOLUTION NO. 2022-11- 02

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PINEY CREEK VILLAGE METROPOLITAN DISTRICT
TO ADOPT THE 2023 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Piney Creek Village Metropolitan District ("District") has appointed the District Accountant to prepare and submit a proposed 2023 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2022, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 10, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Piney Creek Village Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Piney Creek Village Metropolitan District for the 2023 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 10th day of November, 2022.




Secretary

(SEAL)

EXHIBIT A
(Budget)

I, Steve Beck, hereby certify that I am the duly appointed Secretary of the Piney Creek Village Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Piney Creek Village Metropolitan District held on November 11, 2022.

By: 
Secretary

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

2023 Budget Message

Introduction

Piney Creek Village Metropolitan District (the “District”) was formed in 2001 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure including water improvements, street improvements, sanitary sewer, and parks and recreation. These improvements have been dedicated to Arapahoe County, or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

The 2023 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the annual debt service on the District’s General Obligation Debt as well as the general operation of the District.

The District’s 2022 assessed value decreased to \$10,110,162 from \$10,117,588 the prior year. The District’s mill levy was certified at 41.192 mills for taxes collected in the 2023 fiscal year, with 37.852 mills dedicated to the Debt Service Fund and 3.340 mills dedicated to the General Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and the result of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds comprise the total District budget. All of the District’s funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for revenue traditionally associated with government such as property taxes and specific ownership taxes. Expenditures include district administration, legal services, and other expenses related to statutory operations of a local government.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year’s debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. Below is a summary of the District’s long-term General Obligation debt.

Summary of Debt Outstanding

—

Piney Creek Village Metropolitan District

Bonds Principal and Interest Maturing in the Year Ending December 31,	\$ 6,085,000 Series 2015 US Bank Loan		
	Principal	Interest	Total
2023	\$ 215,000	\$ 123,498	\$ 338,498
2024	225,000	118,300	343,300
2025	4,105,000	73,954	4,178,954
Total	<u>\$ 4,545,000</u>	<u>\$ 315,752</u>	<u>\$ 4,860,752</u>

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2021 Actual		2022 Adopted Budget		2023 Adopted Budget	
Assessed Valuation	\$	10,275,559	\$	10,117,588	\$	10,110,162
Mill Levy						
General Fund		3.340		3.340		3.340
Debt Service Fund		37.852		37.852		37.852
Refunds and Abatements		-		-		-
Total Mill Levy		41.192		41.192		41.192
Property Taxes						
General Fund	\$	34,320	\$	33,793	\$	33,768
Debt Service Fund		388,950		382,971		382,690
Refunds and Abatements		-		-		-
Actual/Budgeted Property Taxes	\$	423,270	\$	416,764	\$	416,458

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

GENERAL FUND 2023 Adopted Budget with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	51,963 \$	54,350 \$	58,468 \$	59,720
REVENUE				
Property Taxes	34,320	33,793	33,793	33,768
Specific Ownership Taxes	2,365	2,000	2,000	2,026
Interest Income	83	800	800	800
Total Revenue	36,768	36,593	36,593	36,594
Total Funds Available	88,731	90,943	95,061	96,314
EXPENDITURES				
Accounting	7,630	9,900	9,900	10,700
District Management	5,113	8,000	8,000	8,700
Audit	4,000	5,000	4,000	4,500
Director's Fees	394	600	600	600
Election Expense	-	4,000	834	1,000
Insurance and Bonds	3,554	4,000	3,554	4,000
Legal	6,500	6,500	6,500	6,500
SDA	298	400	400	400
Miscellaneous Expense	2,228	1,000	1,000	1,000
Payroll Taxes	31	46	46	46
Treasurer's Fees	516	507	507	507
Emergency Reserves	-	1,098	-	1,098
Contingency	-	12,000	-	12,000
Total Expenditures	30,262	53,051	35,341	51,050
Total Expenditures Requiring Appropriation	30,263	53,050	35,341	51,050
ENDING FUND BALANCE	\$ 58,468 \$	\$ 37,893 \$	\$ 59,720 \$	45,264

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

DEBT SERVICE FUND 2023 Adopted Budget with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 206,768	\$ 267,810	\$ 274,973	\$ 338,495
REVENUE				
Property Taxes	388,950	382,971	382,971	382,690
Specific Ownership Taxes	26,806	23,250	23,250	22,961
Interest Income	816	200	5,000	9,000
Total Revenue	416,573	406,421	411,221	414,651
Total Funds Available	623,341	674,231	686,194	753,146
EXPENDITURES				
Loan Principal	205,000	210,000	210,000	215,000
Loan Interest	134,774	129,204	129,204	123,498
Paying Agent Fees	2,750	2,750	2,750	2,750
Treasurer's Fees	5,844	5,745	5,745	5,740
Contingency	-	5,000	-	5,000
Total Expenditures	348,369	352,699	347,699	351,988
Total Expenditures Requiring Appropriation	348,368	352,699	347,699	351,988
ENDING FUND BALANCE	\$ 274,973	\$ 321,532	\$ 338,495	\$ 401,158

RESOLUTION NO. 2022-11- 03

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PINEY CREEK VILLAGE METROPOLITAN DISTRICT
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Piney Creek Village Metropolitan District (“District”) has adopted the 2023 annual budget in accordance with the Local Government Budget Law on November 10, 2022; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2023 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Piney Creek Village Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 10th day of November, 2022.



Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL GovernmentsTO: County Commissioners¹ of Arapahoe County, Colorado.On behalf of the Piney Creek Village Metropolitan District,(taxing entity)^Athe Board of Directors(governing body)^Bof the Piney Creek Village Metropolitan District(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 10,110,162 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 10,110,162 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/13/22 for budget/fiscal year 2023.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>3.340</u> mills	\$ <u>33,768</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< <u>0.000</u> > mills	\$ < <u>0</u> >
SUBTOTAL FOR GENERAL OPERATING:	<u>3.340</u> mills	\$ <u>33,768</u>
3. General Obligation Bonds and Interest ^J	<u>37.852</u> mills	\$ <u>382,690</u>
4. Contractual Obligations ^K	<u>0.000</u> mills	\$ <u>0</u>
5. Capital Expenditures ^L	<u>0.000</u> mills	\$ <u>0</u>
6. Refunds/Abatements ^M	<u>0.000</u> mills	\$ <u>0</u>
7. Other ^N (specify): _____	<u>0.000</u> mills	\$ <u>0</u>
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>41.192</u> mills	\$ <u>416,458</u>

Contact person: (print) James H. Ruthven Daytime phone: (303) 987-0835

Signed: _____ Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-I-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	Refinance Series 2005 GO Bonds (Limited Tax Convertible to Unlimited Tax)
	Series:	Piney Creek Village Metropolitan District Tax-Exempt Loan Series 2015
	Date of Issue:	May 5, 2015
	Coupon Rate:	\$6,085,000
	Maturity Date:	August 1, 2025
	Levy:	37.852
	Revenue:	\$382,690

2.	Purpose of Issue:	
	Series:	
	Date of Issue:	
	Coupon Rate:	
	Maturity Date:	
	Levy:	
	Revenue:	

CONTRACTS^K:

3.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

4.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Exhibit B
Audit

**PINEY CREEK VILLAGE
METROPOLITAN DISTRICT**

Financial Statements

Year Ended December 31, 2022

with

Independent Auditors' Report

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Independent Auditors' Report

I

Basic Financial Statements

Balance Sheet/Statement of Net Position - Governmental Funds

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Fund Balances/Statement of Activities - Governmental Funds

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Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund

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Budget and Actual - Debt Service Fund

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Summary of Assessed Valuation, Mill Levy and Property Taxes Collected

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Independent Auditors' Report

Board of Directors
Piney Creek Village Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Piney Creek Village Metropolitan District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Piney Creek Village Metropolitan District as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary schedules and property tax information listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Simmons & Wheeler P.C.

Englewood, CO
April 5, 2023

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 61,727	\$ -	\$ 61,727	\$ -	\$ 61,727
Cash and investments - restricted	1,098	341,660	342,758	-	342,758
Receivable - County Treasurer	157	1,786	1,943	-	1,943
Property taxes receivable	33,768	382,690	416,458	-	416,458
Prepaid expenses	<u>3,841</u>	<u>-</u>	<u>3,841</u>	<u>-</u>	<u>3,841</u>
Total Assets	<u>100,591</u>	<u>726,136</u>	<u>826,727</u>	<u>-</u>	<u>826,727</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,773</u>	<u>46,773</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,773</u>	<u>46,773</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 100,591</u>	<u>\$ 726,136</u>	<u>\$ 826,727</u>		
LIABILITIES					
Accounts payable	\$ 4,302	\$ -	\$ 4,302	-	4,302
Accrued interest on bonds	-	-	-	10,263	10,263
Long-term liabilities:					
Due within one year	-	-	-	215,000	215,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,330,000</u>	<u>4,330,000</u>
Total Liabilities	<u>4,302</u>	<u>-</u>	<u>4,302</u>	<u>4,555,263</u>	<u>4,559,565</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>33,768</u>	<u>382,690</u>	<u>416,458</u>	<u>-</u>	<u>416,458</u>
Total Deferred Inflows of Resources	<u>33,768</u>	<u>382,690</u>	<u>416,458</u>	<u>-</u>	<u>416,458</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	3,841	-	3,841	(3,841)	-
Restricted:					
Emergencies	1,098	-	1,098	(1,098)	-
Debt service	-	343,446	343,446	(343,446)	-
Unassigned	<u>57,582</u>	<u>-</u>	<u>57,582</u>	<u>(57,582)</u>	<u>-</u>
Total Fund Balances	<u>62,521</u>	<u>343,446</u>	<u>405,967</u>	<u>(405,967)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 100,591</u>	<u>\$ 726,136</u>	<u>\$ 826,727</u>		
Net Position:					
Restricted for:					
Emergencies				1,098	1,098
Debt service				333,183	333,183
Unrestricted				<u>(4,436,804)</u>	<u>(4,436,804)</u>
Total Net Position				<u>\$ (4,102,523)</u>	<u>\$ (4,102,523)</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
General expenses:					
Accounting	\$ 7,844	\$ -	\$ 7,844	\$ -	\$ 7,844
Audit	4,000	-	4,000	-	4,000
Directors fees	98	-	98	-	98
Election expense	889	-	889	-	889
Insurance	3,643	-	3,643	-	3,643
Legal	8,007	-	8,007	-	8,007
Management fees	7,041	-	7,041	-	7,041
Miscellaneous expenses	1,082	-	1,082	-	1,082
Payroll taxes	8	-	8	-	8
SDA	303	-	303	-	303
Treasurer's fees	508	5,754	6,262	-	6,262
Debt Service:					
Loan principal	-	210,000	210,000	(210,000)	-
Loan interest expense	-	129,204	129,204	17,603	146,807
Paying agent fees	-	2,750	2,750	-	2,750
Total Expenditures	<u>33,423</u>	<u>347,708</u>	<u>381,131</u>	<u>(192,397)</u>	<u>188,734</u>
GENERAL REVENUES					
Property taxes	33,793	382,971	416,764	-	416,764
Specific ownership taxes	2,133	24,178	26,311	-	26,311
Interest income	<u>1,550</u>	<u>9,032</u>	<u>10,582</u>	<u>-</u>	<u>10,582</u>
Total General Revenues	<u>37,476</u>	<u>416,181</u>	<u>453,657</u>	<u>-</u>	<u>453,657</u>
NET CHANGES IN FUND BALANCES	4,053	68,473	72,526	(72,526)	
CHANGE IN NET POSITION				264,923	264,923
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>58,468</u>	<u>274,973</u>	<u>333,441</u>	<u>(4,700,887)</u>	<u>(4,367,446)</u>
END OF YEAR	<u>\$ 62,521</u>	<u>\$ 343,446</u>	<u>\$ 405,967</u>	<u>\$ (4,508,490)</u>	<u>\$ (4,102,523)</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 33,793	\$ 33,793	\$ -
Specific ownership taxes	2,000	2,133	133
Interest income	<u>800</u>	<u>1,550</u>	<u>750</u>
Total Revenues	<u>36,593</u>	<u>37,476</u>	<u>883</u>
EXPENDITURES			
Accounting	9,900	7,844	2,056
Audit	5,000	4,000	1,000
Directors fees	600	98	502
Election expense	4,000	889	3,111
Insurance	4,000	3,643	357
Legal	6,500	8,007	(1,507)
Management fees	8,000	7,041	959
Miscellaneous expenses	1,000	1,082	(82)
Payroll taxes	46	8	38
SDA	400	303	97
Treasurer's fees	507	508	(1)
Contingency	12,000	-	12,000
Emergency reserve	<u>1,098</u>	<u>-</u>	<u>1,098</u>
Total Expenditures	<u>53,051</u>	<u>33,423</u>	<u>19,628</u>
 NET CHANGE IN FUND BALANCE	 (16,458)	 4,053	 20,511
FUND BALANCE:			
BEGINNING OF YEAR	<u>54,350</u>	<u>58,468</u>	<u>4,118</u>
END OF YEAR	<u><u>\$ 37,892</u></u>	<u><u>\$ 62,521</u></u>	<u><u>\$ 24,629</u></u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Piney Creek Village Metropolitan District, (“the District”), located in Arapahoe 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 June 18, 2001, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain 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 pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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 and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments 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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of 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. As of December 31, 2022, the District has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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 2022.

All assets were transferred to Arapahoe County and East Cherry Creek Valley Water and Sanitation District as of December 2003.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Property owners within the boundaries of the District have been assessed \$416,458 for 2022. Since these taxes are not normally available to the District until 2023, they are classified as deferred income until 2023.

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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

Loss on Refunding

The Loss on Refunding from the 2015 Loan is being amortized over the term of the refunding loan using the straight line method. Accumulated amortization on the loss on refunding amounted to \$138,820 at December 31, 2022.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$3,841 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 \$1,098 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 \$343,446 is restricted for the payment of the debt service costs associated with the 2015 Loan (see Note 4).

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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 classification first when more than one is available.

Net Position

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

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

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

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

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 61,727
Cash and investments - Restricted	<u>342,758</u>
Total	\$ <u>404,485</u>

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

Deposits with financial institutions	\$ 5,747
Investments – COLOTRUST	<u>398,738</u>
	\$ <u>404,485</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

Investments:

Investment Valuation

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 2: Cash and Investments (continued)

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

As of December 31, 2022, the District had the following investments:

COLOTRUST

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST Plus+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the next asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor's. At December 31, 2022, the District had \$398,738 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

The District has previously completed and transferred all capital assets to Arapahoe County and East Cherry Creek Valley Water and Sanitation District.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 4: Long Term Debt

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

	<u>Balance</u> <u>12-31-21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12-31-22</u>	<u>Current</u> <u>Portion</u>
<u>Loans from direct borrowing</u> <u>and direct placements:</u>					
Refunding Loan-Series 2015	\$ 4,755,000	\$ -	\$ 210,000	\$ 4,545,000	\$ 215,000
Total Long-term Debt	<u>\$ 4,755,000</u>	<u>\$ -</u>	<u>\$ 210,000</u>	<u>\$ 4,545,000</u>	<u>\$ 215,000</u>

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

2015 Loan Agreement and Note (\$6,085,000)

On May 5, 2015, the District and U.S. Bank National Association (the “Bank”) entered into a Loan Agreement pursuant to which the Bank loaned the District \$6,085,000 (“2015 Loan”) for the purpose of refunding the District’s \$6,600,000 General Obligation Limited Tax Convertible to Unlimited Tax Bonds, Series 2005 (“2005 Bonds”). The 2015 Loan was obtained to provide \$6,400,261 in order to refund the outstanding balance of the 2005 Bonds of \$6,070,000. The District executed a Promissory Note evidencing the 2015 Loan in the total amount of \$6,085,000.

The 2015 Loan matures on August 1, 2025 and bears interest at a fixed rate of 2.68%. Principal payments on the Loan are due on each December 1, commencing on December 1, 2015, and interest payments are due on each June 1 and December 1, commencing December 1, 2015. On any date on or after May 5, 2022, the District may, at its option, prepay all or any part of the principal of the Loan plus accrued interest without any prepayment penalty.

The 2015 Loan is payable from and secured by the Pledged Revenue, which consists of the Required Mill Levy (described below), the portion of the Specific Ownership Taxes (as defined in the Loan Agreement) allocable to the amount of the Required Mill Levy, and any other legally available moneys which the Board of Directors of the District determines in its sole discretion to apply as Pledged Revenue. Subject to the limitations of the District’s electoral authorization, and as further described in Loan Agreement, the Required Mill Levy means (a) prior to the Maturity Date, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the Loan Payment Fund (as defined in the Loan Agreement), to pay the Estimated Debt Requirements (as defined in the Loan Agreement), but not in excess of 99.00 mills less the amount of the Operations Mill Levy (as defined in the Loan Agreement), and (b) for any debt service tax levy occurring on or after the Maturity Date, an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 61.181 mills as adjusted by the Gallagher amendment.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 4: Long-Term Debt (continued)

Events of Default as defined by the Loan Agreement include a) failure by the District to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Loan Agreement, b) failure by the District to pay the principal of or interest on the Loan or any other amount payable to the Bank under the Loan Agreement when due, c) failure by the District to perform any of the covenants, agreements, or conditions required by the Series 2015 Loan Agreement or the other Financing documents and failure to remedy the default within 30 days of notice by the Bank, provided, however, that there shall be no Event of Default for failure to perform any of these covenants, agreements, or conditions if a court or other jurisdiction has determined them to be unlawful, d) determination that any representation or warranty made by the District proves to be untrue or incomplete in any material respect, e) the occurrence and continuance of an event of default or an event of nonperformance under the Custodial Agreement or any of the other Financing Documents after the expiration of any grace period, f) failure by the District to pay the principal of or interest when due on any financial obligation of the District and continuance of such default beyond any grace period, g) the pledge of the Pledged Revenue or any other security interest created under the Loan Agreement fails to be fully enforceable with the priority required therein, h) any judgement or court order exceeding insurance coverage in excess of \$50,000 is rendered against the District and the District fails to pay or satisfy such judgment for 30 days, i) a change occurs in the financial or operating condition of the District which the Bank judges to have a material adverse impact on the District and its ability to satisfy its obligations under this agreement and the District fails to cure such condition within the time specified by the Bank, j) the District commences any case, proceeding, or other action relating to bankruptcy, insolvency, reorganization, relief of debtors or appointment of a receiver, trustee or custodian, k) any financing document related to the Series 2015 Loan or pledge or security interest related to such documents ceases to be valid or enforceable, l) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern, m) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established under the Loan Agreement or Custodial Agreement shall become subject to any writ, judgment, warrant, attachment, execution, or similar process, or n) any determination, decision, or decree by the IRS or other court which results in interest payable on the Series 2015 Loan becoming includable in the gross income of an owner, unless appealed or contested in good faith by the District. Remedies are available to the Lender as described in the Loan Agreement, however, except for the application of the interest rate being changed to a Default Rate, no remedy will be available solely because of the failure of the District to pay principal of, or interest on, the Loan when due. Acceleration of the Loan is also not an available remedy for an Event of Default.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 4: Long-Term Debt (continued)

As a result of the issuance of the 2015 Loan, the 2005 Bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$185,593. This amount is recorded as a deferred outflow and is being amortized over the life of the 2015 Loan. The refunding resulted in an economic gain of approximately \$1,422,345 due to the average interest rate of the Series 2015 Loan being lower than the refunded bonds.

The following is a summary of the annual long-term debt principal and interest requirements as of December 31, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 215,000	\$ 123,498	\$ 338,498
2024	225,000	117,978	342,978
2025	<u>4,105,000</u>	<u>74,259</u>	<u>4,179,259</u>
	<u>\$ 4,545,000</u>	<u>\$ 315,735</u>	<u>\$ 4,860,735</u>

The District had no unused lines of credit as of December 31, 2022.

Note 5: Debt Authorization

As of December 31, 2022, the District had \$12,315,000 of authorized but unissued debt for providing public improvements. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. The District did not budget to issue any debt in 2023.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 6: Service Plan

In December 2014, the District petitioned the City of Centennial (the “City”) for acceptance as approving authority over the District which is located entirely within the boundaries of the City and for approval of an amendment to the District’s Service Plan, to remove the Limited Mill Levy cap as defined in the District’s Service Plan. Upon approval of both petitions by the City Council on February 17, 2015, all authority that had been vested with Arapahoe County was transferred to the City. The First Amendment to the Service Plan of the District was approved, removing the Limited Mill Levy cap with the objective to lower the District’s overall mill levy in the long-term by refinancing its existing bonds and lowering the annual interest rate on its indebtedness. These goals can be met by pledging an unlimited mill levy for bond repayment.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

On November 6, 2001 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.

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S., 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 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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; and
- 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.

SUPPLEMENTAL INFORMATION

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 382,971	\$ 382,971	\$ -
Specific ownership taxes	23,251	24,178	927
Interest income	<u>200</u>	<u>9,032</u>	<u>8,832</u>
Total Revenues	<u>406,422</u>	<u>416,181</u>	<u>9,759</u>
EXPENDITURES			
Loan principal	210,000	210,000	-
Loan interest expense	129,204	129,204	-
Paying agent fees	2,750	2,750	-
Contingency	5,000	-	5,000
Treasurer's fees	<u>5,745</u>	<u>5,754</u>	<u>(9)</u>
Total Expenditures	<u>352,699</u>	<u>347,708</u>	<u>4,991</u>
NET CHANGE IN FUND BALANCE	53,723	68,473	14,750
FUND BALANCE:			
BEGINNING OF YEAR	<u>267,810</u>	<u>274,973</u>	<u>7,163</u>
END OF YEAR	<u>\$ 321,533</u>	<u>\$ 343,446</u>	<u>\$ 21,913</u>

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

PINEY CREEK VILLAGE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

	Prior Year Assessed Valuation for Current						Percent
Year Ended December 31,	Year Property Tax Levy	Mills Levied		Total Property Tax		Collected	
		General Fund	Debt Service	Levied	Collected	to Levied	
2003	\$ 1,894,570	37.000	0.000	\$ 70,099	\$ 69,664		99.38%
2004	\$ 3,359,730	37.000	0.000	\$ 124,310	\$ 120,475		96.91%
2005	\$ 4,384,570	42.550	0.000	\$ 186,563	\$ 186,563		100.00%
2006	\$ 5,643,470	2.550	40.000	\$ 240,130	\$ 240,130		100.00%
2007	\$ 8,491,620	2.550	40.000	\$ 361,318	\$ 361,319		100.00%
2008	\$ 10,377,960	2.550	40.000	\$ 441,582	\$ 441,265		99.93%
2009	\$ 10,352,350	2.550	40.000	\$ 440,492	\$ 440,286		99.95%
2010	\$ 8,427,110	4.000	40.000	\$ 370,793	\$ 369,392		99.62%
2011	\$ 8,405,700	4.000	40.000	\$ 369,851	\$ 369,851		100.00%
2012	\$ 7,659,960	4.500	48.000	\$ 402,148	\$ 402,148		100.00%
2013	\$ 7,694,120	4.500	55.000	\$ 457,800	\$ 457,800		100.00%
2014	\$ 8,322,670	5.500	54.000	\$ 495,199	\$ 494,151		99.79%
2015	\$ 8,330,099	5.500	54.000	\$ 495,641	\$ 495,641		100.00%
2016	\$ 9,331,398	3.000	34.000	\$ 345,262	\$ 345,264		100.00%
2017	\$ 9,345,357	3.011	34.000	\$ 345,881	\$ 345,881		100.00%
2018	\$ 9,686,971	3.313	37.550	\$ 395,839	\$ 395,839		100.00%
2019	\$ 9,693,469	3.313	37.550	\$ 396,104	\$ 396,104		100.00%
2020	\$ 10,239,422	3.340	37.852	\$ 421,783	\$ 421,766		100.00%
2021	\$ 10,275,559	3.340	37.852	\$ 423,270	\$ 423,271		100.00%
2022	\$ 10,117,588	3.340	37.852	\$ 416,764	\$ 416,764		100.00%
Estimated for year ending December 31,							
2023	\$ 10,110,162	3.340	37.852	\$ 416,458			

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.