

ROAM METROPOLITAN DISTRICT NO. 2
GRAND COUNTY, COLORADO

ANNUAL FINANCIAL REPORT
AND SUPPLEMENTAL INFORMATION
FOR THE
YEAR ENDED DECEMBER 31, 2023

ROAM METROPOLITAN DISTRICT NO. 2

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

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ROAM METROPOLITAN DISTRICT NO. 2

ROSTER OF DISTRICT OFFICIALS
DECEMBER 31, 2023

BOARD OF DIRECTORS

Blake Johnson	President
Jolene Larson	Treasurer
Robert Cyman	Secretary
Robert Klane	Asst. Secretary
Brian Ripley	Asst. Secretary

DISTRICT MANAGER

James Ruthven
Special District Management Services, Inc.

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

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Salida, Colorado 81201
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Roam Metropolitan District No. 2
Grand County, Colorado

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of Roam Metropolitan District No. 2 as of and for the year ended December 31, 2023, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Roam Metropolitan District No. 2 as of December 31, 2022, and the changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Roam Metropolitan District No. 2 and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Roam Metropolitan District No. 2'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

My objective is 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 my opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 Roam Metropolitan District No. 2'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roam Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. My opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Roam Metropolitan District No. 2's basic financial statements. The supplementary budget comparison schedules identified in the table of contents is presented to supplement the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Scott Wright

Salida, Colorado
July 17, 2024

ROAM METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Receivables	\$ 768,043
Restricted Assets - Cash and Cash Equivalents	<u>19,748,528</u>
Total Assets	<u>20,516,571</u>
LIABILITIES	
Accrued Interest Payable	2,523,640
Noncurrent Liabilities:	
Due Within One Year	-
Due In More Than One Year	<u>21,875,000</u>
Total Liabilities	<u>24,398,640</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - Property Taxes	<u>717,380</u>
NET POSITION	
Net Investment in Capital Assets	(21,875,000)
Restricted For:	
Emergencies	35,298
Public Improvements	19,748,528
Unrestricted (Deficit)	<u>(2,508,275)</u>
Total Net Position (Deficit)	<u>\$ (4,599,449)</u>

The accompanying notes are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions			
Governmental Activities:						
General Government	\$ 28,503	\$ -	\$ -	\$ -		\$ (28,503)
Transfers to Roam Metropolitan District No. 1	2,739,592	-	-	-		(2,739,592)
Interest and Related Costs on Long-term Debt	1,439,541	-	-	-		(1,439,541)
Total Governmental Activities	\$ 4,207,636	\$ -	\$ -	\$ -		(4,207,636)
General Revenues:						
						227,497
						13,907
						1,113,614
						<u>1,355,018</u>
						Increase (Decrease) in Net Position
						(2,852,618)
						Net Position (Deficit) - Beginning of Year
						<u>(1,746,831)</u>
						Net Position (Deficit) - End of Year
						<u>\$ (4,599,449)</u>

The accompanying notes are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Due From Other Local Governments	\$ 16,175	\$ 33,385	\$ -	\$ 49,560
Property Taxes Receivable	142,959	575,524	-	718,483
Restricted Assets - Cash and Cash Equivalents	-	9	19,748,519	19,748,528
Total Assets	\$ 159,134	\$ 608,918	\$ 19,748,519	\$ 20,516,571
LIABILITIES AND FUND BALANCES				
Accrued Interest Payable	\$ -	\$ 2,414,265	\$ -	\$ 2,414,265
Total Liabilities	-	2,414,265	-	2,414,265
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Taxes	142,730	574,650	-	717,380
Total Deferred Inflows of Resources	142,730	574,650	-	717,380
FUND BALANCES (DEFICITS)				
Restricted For:				
TABOR Emergency Reserve	35,298	-	-	35,298
Public Improvements	-	-	19,748,519	19,748,519
Unassigned (Deficit)	(18,894)	(2,379,997)	-	(2,398,891)
Total Fund Balances	16,404	(2,379,997)	19,748,519	17,384,926
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 159,134	\$ 608,918	\$ 19,748,519	\$ 20,516,571

The accompanying notes are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2023

	<u>Total</u>
Total Fund Balances - Governmental Fund	<u>\$ 17,384,926</u>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
- Series 2021 ⁽³⁾ Bonds Payable	(21,875,000)
Accrued interest payable on developer advances is recognized for governmental activities but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	<u>(109,375)</u>
Net Position of Governmental Activities	<u><u>\$ (4,599,449)</u></u>

ROAM METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Taxes:				
General Property Taxes	\$ 46,738	\$ 180,759	\$ -	\$ 227,497
Specific Ownership Tax	2,887	11,020	-	13,907
Investment Earnings	-	346	1,113,268	1,113,614
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	49,625	192,125	1,113,268	1,355,018
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Current:				
General and Administrative	19,489	9,014	-	28,503
Transfers to Roam Metropolitan District No. 1	-	-	2,739,592	2,739,592
Debt Service:				
Interest	-	1,389,416	-	1,389,416
Fiscal Charges	-	15	50,110	50,125
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	19,489	1,398,445	2,789,702	4,207,636
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	30,136	(1,206,320)	(1,676,434)	(2,852,618)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances (Deficit), Beginning of Year	(13,732)	(1,173,677)	21,424,953	20,237,544
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances (Deficit), End of Year	\$ 16,404	\$ (2,379,997)	\$ 19,748,519	\$ 17,384,926
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Total</u>
Net change in fund balances - Total Governmental Funds	<u>\$ (2,852,618)</u>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	
- Change in Accrued Interest Payable	<u>-</u>
Change in Net Position of Governmental Funds	<u><u>\$ (2,852,618)</u></u>

ROAM METROPOLITAN DISTRICT NO. 2

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
General Property Taxes	\$ 46,738	\$ 46,738	\$ -
Specific Ownership Tax	2,804	2,887	83
Total Revenues	<u>49,542</u>	<u>49,625</u>	<u>83</u>
Expenditures			
Current:			
Accounting	-	6,885	(6,885)
Audit	-	5,750	(5,750)
District Management	-	1,495	(1,495)
Election Costs	-	96	(96)
Insurance	-	2,900	(2,900)
Miscellaneous	-	2	(2)
County Treasurer Fees	2,337	2,361	(24)
Roam Metropolitan District No. 1	47,205	-	47,205
Total Expenditures	<u>49,542</u>	<u>19,489</u>	<u>30,053</u>
Net Change in Fund Balances	-	30,136	30,136
Fund Balances (Deficit), Beginning of Year	<u>20</u>	<u>(13,732)</u>	<u>(13,752)</u>
Fund Balances, End of year	<u>\$ 20</u>	<u>\$ 16,404</u>	<u>\$ 16,384</u>

The accompanying notes are an integral part of the financial statements.

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

The financial statements of Roam Metropolitan District No. 2 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by GAAP, these financial statements present the activities of Roam Metropolitan District No. 2, i.e., the primary government. The District does not have any component units for which the District is considered financially accountable, nor is the District a component unit of any other primary governmental entity.

Primary Government. The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court of Grand County, Colorado, on November 22, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes) and the District's Service Plan, approved by the Town of Winter Park, on August 7, 2018. The District was organized to design, acquire, construct relocate, redevelop, and finance public improvements. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors. The District has no employees, and all operations and administrative functions are contracted. The more significant accounting policies of the District are described as follows:

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the District. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Fund financial statements report detailed information about the District with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds. The District has no proprietary or

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

fiduciary funds. Individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when the liability is incurred, as under full accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual, and regulatory requirements.

The District reports the following major governmental funds:

- *General Fund* - This is the District's primary operating fund. It is used to account for all activities of the District not required to be accounted for in another fund.
- *Debt Service Fund* - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.
- *Capital Project Fund* – This fund is used to account for the acquisition and/or construction of major capital facilities and infrastructure.

D. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents the consumption of net position that applies to a future period that will not be recognized as an outflow of the resources (expenditure) until the future period. At the end of the current fiscal year, the District did not have any items that qualify for reporting in this category.

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

In addition to liabilities, the statement of net 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 tax revenues.

The governmental funds also reported deferred inflows of resources representing deferred property tax revenues.

Deferred outflows of resources are presented below the total assets on the government-wide and governmental fund statements. Deferred inflows of resources are presented below the total liabilities on the government-wide and governmental fund statements.

E. Cash, Cash Equivalents, and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

F. Long-term Obligations

In the government-wide Statement of Net Position long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

G. Fund Equity

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned. These fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are legally or contractually required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose but is neither restricted nor committed; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that do not meet any other of the above criteria and are available for any purpose; positive amounts are reported only in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the District’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be “reserves” for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 6).

H. Budgetary Information

In accordance with the Colorado Budget Law, the District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to October 15th the budget is submitted to the Board of Directors of the District.
2. A public hearing on the budget is held prior to its adoption.
3. On the date of the hearing, the Board reviews the proposed budget and formally adopts it by resolution.
4. At the time of adopting the budget the Board also adopts the mill levies.
5. Prior to the beginning of the calendar year, the Board passes an appropriating resolution giving the District legal authority to spend.
6. The District adopts budgets for the general, debt service, and capital project funds on a basis consistent with generally accepted accounting principles. The District’s Board of

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors. There was one supplemental amendment during the year ended December 31, 2023.

I. 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 15th by certification to the County Commissioners to put the tax lien on the individual properties as of January 1st of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Note 2. Deposits and Investments

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Restricted Assets- Cash and Cash Equivalents	<u>\$ 19,748,528</u>
Total	<u>\$ 19,748,528</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits With Corporate Trust Institutions	<u>\$ 19,748,528</u>
Total	<u>\$ 19,748,528</u>

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits with depository financial institutions are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

Act (PDPA). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. PDPA requires that cash be deposited in eligible public depositories and that deposits 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 with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

At December 31, 2023, the District had no amounts on deposit with depository financial institutions. All of the District deposits held at December 31, 2023, consisted of bond proceeds held with UMB Bank (UMB), a corporate bond trustee. A corporate bond trustee is a financial institution that is granted trust powers, such as a commercial bank or trust company. This entity, in turn, has a duty to the bond issuer to enforce the terms of a bond indenture. A trustee sees that bond interest payments and principal repayments are made as scheduled and protects the interests of the bondholders if the issuer defaults. UMB is a nationally recognized and ranked provider of corporate trust and escrow services.

Local Government Investment Pools

Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts. The District participates in UMB's Corporate Trust FDIC Sweep program whereby the District has instructed UMB to nightly sweep its assets on deposit into the Colorado Local Government Liquid Asset Trust's COLOTRUST PLUS+ fund omnibus account. The PLUS+ fund may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The PLUS+ fund is a stable \$1.00 net asset value (NAV) fund that offers daily liquidity.

Investments

Credit Risk. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. These investments include local government investment pools and certain obligations of the United States government. State law limits investments in commercial paper, corporate bonds, and money market mutual

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer.

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2023, the District had no investments measured at fair value. At December 31, 2023, there were no unrealized losses reflective of changes in the fair market value of investments.

Note 3. Capital Assets

All capital assets will be dedicated to the Town of Winter Park or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

Note 4. Long-term Debt

General Obligation Bonds. On December 14, 2021, the District issued its Series 2021(3) Limited Tax General Obligation Bonds (2021(3) Bonds), totaling \$21,875,000 with an interest rate of 6.00%. The 2021(3) Bonds were issued to finance and reimburse a portion of the costs of planning, designing, acquiring, constructing, installing, relocating, and redeveloping certain public infrastructure improvements within the District. The 2021(3) Bonds are secured by and payable from Pledged Revenue as defined by the Indenture of Trust to mean: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all PILOT Revenues; (d) All Capital Fees, if any; (e) any Public Improvement Cost Contributions which the District determines, in its absolute discretion, to deposit with the Trustee for application as Pledged Revenue, and (f) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. General obligation bonds currently outstanding at December 31, 2023, are as follows:

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General Government – Public Improvements	6.00%	<u>\$21,875,000</u>

Unpaid Debt Service. The Series 2021(3) Bonds were issued as “cash-flow” bonds, meaning that the general obligation bonds contain no scheduled principal payments prior to the final maturity date. Principal payments on the 2021(3) Bonds are payable from, and solely to the extent of, Pledged Revenue, if any, remaining after the annual interest payment due on the 2021(3) Bonds. Interest is payable on December 1 each year to the extent of Pledged Revenue is available therefor, commencing December 1, 2022. To the extent interest is not paid when due, such interest is compounding at the rate of 6.00% on each interest payment date.

Insufficiencies as of December 31, 2023 on the Series 2021(3) Bonds are as follows:

<u>Application</u>	<u>Series 2021(3) Bonds</u>	<u>Compound Interest</u>
December 1, 2022 Unpaid Interest	\$ 1,180,095	\$ 5,900
December 1, 2023 Unpaid Interest	<u>1,151,353</u>	<u>76,917</u>
<i>Total Unpaid Debt Service</i>	<u>\$ 2,331,448</u>	<u>\$ 82,817</u>

Optional Redemption. The 2021(3) Bonds 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, on December 1, 2026, and on any date thereafter, upon payment of par plus accrued interest thereon and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00%
December 1, 2028, to November 30, 2029	1.00%
December 1, 2029, and thereafter	0.00%

Notwithstanding any other provision provided in the indenture of Trust or the Pledge Agreement, the District shall not be required to impose the required mill levy for payment of the bonds after December, 2060 (for collection in 2061). In the event that any amount of principal of or interest on the 2021(3) Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the 2021(3) Bonds shall be deemed discharged.

Intergovernmental Agreement with Roam Metropolitan District No. 1 and Roam Metropolitan District No. 2.

The District entered into an Intergovernmental Agreement Concerning District Operations (Master IGA) dated December 21, 2018, with Roam Metropolitan District No. 1 (District No. 1 or Service District), and Roam Metropolitan District No. 3 (District No. 3). District and District No. 3 are collectively referred to therein as the “Financing Districts.” The Master IGA

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

sets forth the rights and obligations of the financing districts to fund, and of the Service District to construct, own or transfer, and to operate and maintain, public facilities and services of benefits to all Districts, and to implement the Consolidated Service Plan (Service Plan) of the Districts. The Service Plan describes the relationship between the Districts. In the Master IGA, the District contracts for and supervises the construction and acquisition of facilities subject to annual budget appropriation, as described in the Service Plan.

Funding of Capital Costs. Under the Master IGA, future capital needs of the Districts will be accomplished through the issuance of one or more series of bonds or other debt instruments which will be secured by certain pledged revenues of the Financing Districts. It is anticipated that the Districts will enter into additional future capital pledge agreements, pursuant to which the Financing Districts will pledge certain revenues to the Service District for payment of any debt issued by the Service District.

In furtherance of the Districts' Service Plan, in the Master IGA, the Financing Districts further acknowledge that the Service District will and/or has incurred certain Developer Obligations (as defined in the Master IGA) associated with the acquisition, construction, and installation of public improvements for the benefit of the Financing Districts, and that Developer Obligations will be refunded from the proceeds of Bonds. District No. 1 has entered into certain reimbursement agreements with Fraser River Development Co., LLC (Developer) and/or its affiliates or other developers. All public improvements funded by the Districts will be either dedicated to the Town of Winter Park or other governmental entities or will be owned and operated by the Service District (District-Owned Improvements). The Service District will be responsible for the operation and maintenance of all facilities and will perform certain administrative services for the District in exchange for fees. The proceeds from the issuance of Series 2021(3) Bonds are anticipated to reimburse the public improvements costs incurred by the Developer, to the extent that the obligation to pay such amounts are in accordance with the Service Plan.

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Bonds Payable:</i>					
Series 2021(3) GO Bonds	\$ 21,875,000	\$ -	\$ -	\$ 21,875,000	\$ -
Total Long- term Liabilities	<u>\$ 21,875,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,875,000</u>	<u>\$ -</u>

Authorized Debt. At an election held on November 6, 2018, a majority of the qualified electors of the District authorized the issuance of District indebtedness and the imposition of taxes for the purposes of providing certain improvements and facilities and for the refunding of such indebtedness as follows:

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

<u>Purpose</u>	<u>Debt Authorized</u>
Street Improvements	\$ 55,000,000
Parks and Recreation	55,000,000
Water	55,000,000
Sanitation	55,000,000
Transportation	55,000,000
Mosquito Control	55,000,000
Safety Protection	55,000,000
Television Relay and Translation	55,000,000
Security	55,000,000
Operations and Maintenance Debt	55,000,000
District Intergovernmental Agreements	55,000,000
Reimbursement Agreements	55,000,000
Construction Management Agreement	55,000,000
Mortgages	55,000,000
Refunding	<u>110,000,000</u>
Total	<u>\$ 880,000,000</u>

Note 5. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for significant insurable risks. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 6. Commitments and Contingencies

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

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

ROAM METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

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.

On November 6, 2018, qualified electors of the District passed election questions allowing: (1) the District to increase property taxes up to \$2,000,000 annually, without limitation of rate, to pay the District's administration, operations and maintenance expenses; (2) allowing the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations; (3) debt issuance authorizations totaling \$880,000,000 with tax increases as necessary for the payment of such debt; and (4) the authorization to enter into multiple fiscal year intergovernmental agreements with the State or political subdivisions.

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 has established an emergency reserve for the year ended December 31, 2023, in the amount of \$35,298.

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 interpretation of how to calculate Fiscal Year Spending limits may require judicial interpretation.

Note 7. Deficit Net Position

The District has incurred general obligation debt for the acquisition, construction, and reimbursement of public improvements incurred by developers within the District. All of these improvements will be deeded or transferred to other local and state governmental entities. These entities will assume the responsibility for continued maintenance of these improvements and therefore, these assets will no longer belong to the District but will still exist for the benefit and use of the taxpayers of the District. The debt issued to finance the public improvements within the District has created a deficit net position of \$4,599,449 as of December 31, 2023. In addition, pledged revenues have not been sufficient to pay accrued interest on the District's debt.

Note 8. Related Parties

The majority of the District's board members are officers, employees, or consultants for the developer, Fraser River Development Co., LLC (see Note 4).

ROAM METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
General Property Taxes	\$ 178,434	\$ 180,759	\$ 2,325
Specific Ownership Taxes	10,706	11,020	314
Investment Earnings	100,000	346	(99,654)
Other Revenues	1,563	-	(1,563)
Total Revenues	<u>290,703</u>	<u>192,125</u>	<u>(98,578)</u>
Expenditures			
Current:			
County Treasurer Fees	8,922	9,014	(92)
Roam Metropolitan District No. 1	5,175,000	-	5,175,000
Debt Service:			
Bond Interest	275,781	1,389,416	(1,113,635)
Fiscal Charges	6,000	15	5,985
Total Expenditures	<u>5,465,703</u>	<u>1,398,445</u>	<u>4,067,258</u>
Net Change in Fund Balances	(5,175,000)	(1,206,320)	3,968,680
Fund Balances (Deficit), Beginning of Year	<u>21,080,981</u>	<u>(1,173,677)</u>	<u>(22,254,658)</u>
Fund Balances (Deficit), End of year	<u>\$ 15,905,981</u>	<u>\$ (2,379,997)</u>	<u>\$ (18,285,978)</u>

ROAM METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ 1,120,000	\$ 1,113,268	\$ (6,732)
Total Revenues	<u>-</u>	<u>1,120,000</u>	<u>1,113,268</u>	<u>(6,732)</u>
Expenditures				
Capital Improvements	-	12,000,000	2,739,592	9,260,408
Debt Service:				
Fiscal Charges	-	53,000	50,110	2,890
Total Expenditures	<u>-</u>	<u>12,053,000</u>	<u>2,789,702</u>	<u>9,263,298</u>
Net Change in Fund Balances	-	(10,933,000)	(1,676,434)	9,256,566
Fund Balances, Beginning of Year	-	21,424,953	21,424,953	-
Fund Balances, End of year	<u>\$ -</u>	<u>\$ 10,491,953</u>	<u>\$ 19,748,519</u>	<u>\$ 9,256,566</u>