

DRAFT 5-19-23

RIVERDALE RANCH METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditors' Report

# DRAFT 5-19-23

## CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Debt Service Fund	18
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	20

# DRAFT 5-19-23

## RIVERDALE RANCH 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>
<b>ASSETS</b>					
Cash and investments	\$ 15,146	\$ -	\$ 15,146	\$ -	\$ 15,146
Cash and investments - restricted	1,035	514,875	515,910	-	515,910
Receivable - County Treasurer	231	1,286	1,517	-	1,517
Property taxes receivable	33,691	222,048	255,739	-	255,739
Prepaid expenses	2,076	-	2,076	-	2,076
Capital assets not being depreciated	-	-	-	3,772,873	3,772,873
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 52,179</u>	<u>\$ 738,209</u>	<u>\$ 790,388</u>	<u>3,772,873</u>	<u>4,563,261</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,299	\$ -	\$ 3,299	-	3,299
Accrued interest	-	-	-	196,063	196,063
Long-term liabilities:					
Due within one year	-	-	-	40,000	40,000
Due in more than one year	-	-	-	5,045,448	5,045,448
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>3,299</u>	<u>-</u>	<u>3,299</u>	<u>5,281,511</u>	<u>5,284,810</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	<u>33,691</u>	<u>222,048</u>	<u>255,739</u>	<u>-</u>	<u>255,739</u>
Total Deferred Inflows of Resources	<u>33,691</u>	<u>222,048</u>	<u>255,739</u>	<u>-</u>	<u>255,739</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund Balances:					
Nonspendable:					
Prepays	2,076	-	2,076	(2,076)	-
Restricted:					
Emergencies	1,035	-	1,035	(1,035)	-
Debt service	-	516,161	516,161	(516,161)	-
Unassigned	<u>12,078</u>	<u>-</u>	<u>12,078</u>	<u>(12,078)</u>	<u>-</u>
Total Fund Balances	<u>15,189</u>	<u>516,161</u>	<u>531,350</u>	<u>(531,350)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 52,179</u>	<u>\$ 738,209</u>	<u>\$ 790,388</u>		
Net Position:					
Restricted for:					
Emergencies				1,035	1,035
Debt service				320,098	320,098
Unrestricted				<u>(1,298,421)</u>	<u>(1,298,421)</u>
Total Net Position				<u>\$ (977,288)</u>	<u>\$ (977,288)</u>

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

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

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

For the Period Ended December 31, 2022

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES					
Accounting and Audit	\$ 10,779	\$ -	\$ 10,779	\$ -	\$ 10,779
Election expense	3,235	-	3,235	-	3,235
Insurance	2,306	-	2,306	-	2,306
Legal	9,887	-	9,887	-	9,887
Miscellaneous expenses	10,490	-	10,490	-	10,490
Treasurer's fees	589	3,278	3,867	-	3,867
Bond interest expense	-	196,750	196,750	56,330	253,080
Interest on developer advances	-	-	-	31,183	31,183
Total Expenditures	<u>37,286</u>	<u>200,028</u>	<u>237,314</u>	<u>87,513</u>	<u>324,827</u>
GENERAL REVENUES					
Property taxes	39,196	218,181	257,377	-	257,377
Specific ownership taxes	2,656	14,782	17,438	-	17,438
Interest and other income	3,996	6,143	10,139	-	10,139
Total General Revenues	<u>45,848</u>	<u>239,106</u>	<u>284,954</u>	<u>-</u>	<u>284,954</u>
NET CHANGES IN FUND BALANCES	8,562	39,078	47,640	(47,640)	
CHANGE IN NET POSITION				(39,873)	(39,873)
FUND BALANCES/NET POSITION:					
BEGINNING OF PERIOD	<u>6,627</u>	<u>477,083</u>	<u>483,710</u>	<u>(1,421,125)</u>	<u>(937,415)</u>
END OF PERIOD	<u>\$ 15,189</u>	<u>\$ 516,161</u>	<u>\$ 531,350</u>	<u>\$ (1,508,638)</u>	<u>\$ (977,288)</u>

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

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

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

For the Period Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 39,205	\$ 39,196	\$ (9)
Specific ownership taxes	1,960	2,656	696
Interest and other income	-	3,996	3,996
Total Revenues	<u>41,165</u>	<u>45,848</u>	<u>4,683</u>
EXPENDITURES			
Accounting and Audit	9,500	10,779	(1,279)
Election expense	1,000	3,235	(2,235)
Insurance	3,000	2,306	694
Legal	15,000	9,887	5,113
Miscellaneous expenses	1,500	10,490	(8,990)
Treasurer's fees	588	589	(1)
Contingency	9,659	-	9,659
Emergency reserve	918	-	918
Total Expenditures	<u>41,165</u>	<u>37,286</u>	<u>3,879</u>
NET CHANGE IN FUND BALANCE	-	8,562	8,562
FUND BALANCE:			
BEGINNING OF PERIOD	-	6,627	6,627
END OF PERIOD	<u>\$ -</u>	<u>\$ 15,189</u>	<u>\$ 15,189</u>

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

## RIVERDALE RANCH METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Riverdale Ranch Metropolitan District (“District”), located in the City of Thornton (“the City”) in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units.

The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on May 21, 2018, as a quasi-municipal organization established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the City of Thornton (the “City”) on February 27, 2018 (the “Service Plan”). The District was established to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of water, sanitation/storm sewer, street, safety protection, parks and recreation, transportation, limited television relay and translation facilities, mosquito control and limited fire protection services within and without the boundaries of the District. The District’s primary sources of revenues are developer advances and 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.

Basis of Presentation

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

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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.

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.

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and 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 short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand.

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.



## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

#### 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.

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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

#### Long-Term Obligations

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

#### Original Issue Premium

Original issue premium from the Series 2019A Bonds is being amortized over the term of the bonds using the effective interest method. Accumulated amortization amounted to \$5,780 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 of \$2,076 represents prepaid insurance.

#### 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 \$1,035 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$516,161 is restricted for the payment of the debt service costs associated with the Series 2019A Bonds and 2019B Bonds (see Note 4).

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### Committed Fund Balance

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

#### Assigned Fund Balance

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

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

#### Net Position

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

# DRAFT 5-19-23

## RIVERDALE RANCH 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	\$ 15,146
Cash and investments - restricted	<u>515,910</u>
Total	\$ <u>531,056</u>

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

Deposits with financial institutions	\$ 5,266
Investments – COLOTRUST	45,621
Investments - Morgan Stanley #8304	<u>480,169</u>
	\$ <u>531,056</u>

#### Deposits

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

#### Investments

##### Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

##### 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.

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### 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 in COLOTRUST 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. The District's investment in Morgan Stanley Institutional Liquidity Fund #8304 is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the NAV method.

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

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. 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. There are no unfunded commitments and there is no redemption notice period. On December 31, 2022, the District had \$45,621 invested in COLOTRUST Plus+.

#### Morgan Stanley Institutional Liquidity Fund #8304

The District's funds that are in the trust accounts at the UMB Bank were invested in Morgan Stanley Institutional Liquidity Fund #8304. This fund is a money market fund and each share is equal in value to \$1.00. The fund is AAAM rated and invests exclusively in repurchase agreements collateralized by U.S. Treasury securities and U.S. Treasury debt. The average maturity of the underlying securities is 55 days. At December 31, 2022, the District had \$480,169 invested in Morgan Stanley Institutional Liquidity Fund #8304.

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	<u>\$ 3,772,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,772,873</u>
Total capital assets not being depreciated	<u>3,772,873</u>	<u>-</u>	<u>-</u>	<u>3,772,873</u>
Government type assets, net	<u>\$ 3,772,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,772,873</u>

Pursuant to the Service Plan, all public improvements are to be owned and maintained by the City upon their completion and acceptance by the City, except for park and recreation improvements, which the District is obligated to continue to own and operate.

Note 4: Long Term Debt

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

\$3,935,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A and \$628,000 Subordinate General Obligation Limited Tax Bonds, Series 2019B

On August 20, 2019, the District issued \$3,935,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A ("Series 2019A Bonds") and \$628,000 Subordinate General Obligation Limited Tax Bonds, Series 2019B ("Series 2019B Bonds"). The Series 2019A Bonds were issued for the purpose of paying or reimbursing Project Costs, funding a portion of the interest to accrue on the Series 2019A Senior Bonds, funding the Senior Reserve Fund, and paying the cost of issuance of the Series 2019A Senior Bond and the Series 2019B Subordinate Bonds. The Series 2019B Bonds were issued for purpose of paying or reimbursing Project Costs. The Series 2019A Bonds bear interest at the rate of 5.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2019, and mature on December 1, 2049. The Series 2019B Bonds bear interest at the rate of 7.750%, payable annually on December 15, commencing on December 15, 2019, to the extent that Subordinate Pledged Revenue is available, and mature on December 15, 2049. The Series 2019A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023, and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on September 1, 2024, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

The Series 2019A Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2019A Bonds are also secured by the Senior Reserve Fund and the Senior Surplus Fund. The Series 2019B Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, the amount in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture, and any other legally available monies as determined by the District.

The 2019B bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. In the event any amounts due and owing on the 2019B Bonds remain outstanding on December 16, 2059, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019A Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 40,000	\$ 196,750	\$ 236,750
2024	45,000	194,750	239,750
2025	50,000	192,500	242,500
2026	55,000	190,000	245,000
2027	60,000	187,250	247,250
2028-2032	385,000	885,750	1,270,750
2033-2037	560,000	773,250	1,333,250
2038-2042	800,000	610,750	1,410,750
2043-2047	1,090,000	383,000	1,473,000
2048-2049	850,000	71,750	921,750
	<u>\$ 3,935,000</u>	<u>\$ 3,685,750</u>	<u>\$ 7,620,750</u>

Because of the uncertainty of the timing of the principal and interest payment on the Series 2019B Bonds, no schedule of principal and interest payments is presented.

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<b><u>General Obligation Bonds</u></b>					
Series 2019A Bonds	\$ 3,935,000	\$ -	\$ -	\$ 3,935,000	\$ 40,000
Series 2019B Bonds	628,000	-	-	628,000	-
<b><u>Other</u></b>					
Developer Advance - Operations					
Principal	71,834	-	-	71,834	-
Accrued Interest	8,782	5,747	-	14,529	-
Developer Advance - Capital					
Principal	317,956	-	-	317,956	-
Accrued Interest	51,709	25,436	-	77,145	-
Premium on Series 2019 Bonds	34,781	-	1,762	33,019	-
	<u>\$ 5,048,062</u>	<u>\$ 31,183</u>	<u>\$ 1,762</u>	<u>\$ 5,077,483</u>	<u>\$ 40,000</u>

#### Debt Authorization

On May 5, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$57,500,000 for the purpose of financing the costs of acquiring, construction, relocating, installing, completing and otherwise providing public improvements. As of December 31, 2022, \$52,937,000 of this authorization remains unissued. The Service Plan provides that the District shall not issue bonds or other debt in excess of \$10,500,000. At December 31, 2022, \$5,937,000 of this authorization remains unissued.

#### Note 5: Other Agreements

##### Funding, Acquisition and Reimbursement Agreement

On October 4, 2018, the District entered into a Funding, Acquisition and Reimbursement Agreement with the Developer. Pursuant to this agreement, the Developer agrees to advance funds to and/or on behalf of the District for costs incurred or to be incurred by the District related to the installation, construction, operation, maintenance, repair and replacement of infrastructure, engineering, architectural, surveying, construction planning, construction management, and related legal, accounting and other professional services in order for the District to provide the public infrastructure, improvements and services as set forth in the Service Plan. Advances made by the Developer under this agreement bear simple interest at the rate of 8.0% per annum. This agreement terminates on December 31, 2023, provided, however, that the District's obligations thereunder remain until repayment in full of Developer Advances.



## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### Operations Funding Agreement

On October 4, 2018, the District entered into an Administrative, Operations and Maintenance Advance and Reimbursement Agreement with the Boulder Creek Riverdale Ranch LLC (the “Developer”) (the “Operations Funding Agreement”). The Operations Funding Agreement sets forth the rights, obligations and procedures for the Developer to advance funds to the District for funding Operating Costs, and for the District to reimburse the Developer for such advances. The Developer agreed, to incur and or advance funds in a maximum amount not to exceed a total amount of \$50,000 per year for a period of three years to December 31, 2021, unless otherwise agreed to by the Developer, during the term of the Operations Funding Agreement as may be reasonably requested by the District to pay Operating Costs. The Developer agreed to make an Operations Advance for the reasonable Funding Shortfall for the period requested within 30 days from receipt of the written request. The District agreed that it will, from available sources, reimburse the Developer for all respective Operations Advances, together with simple interest thereon at a rate of 8.0% per annum commencing as of the date of each Operations Advance. The Operations Funding Agreement terminates on December 31, 2022; provided, however, that the District’s obligations thereunder remain until repayment in full of the Operations Advances.

#### Intergovernmental Agreement Regarding the Service Plan

On August 22, 2018, the District and the City entered into an Intergovernmental Agreement Regarding the Service Plan for the District (“the IGA”) which requires the District to convey all Public Improvements to the City or other appropriate jurisdiction except for park and recreation improvements, which the District is obligated to continue to own and operate. The IGA, with minor exceptions, also generally prohibits the District from constructing, acquiring or operating any fire protection, television relay and television and telecommunication facilities. The IGA further requires all Public Improvements to generally be constructed in accordance with City standards and specifications and be subject to City zoning and land use requirements. Finally, the IGA limited any District debt to \$10,500,000, prohibits the imposition of any fee for debt that is payable by an end user of taxable property subsequent to the issuance of a certificate of occupancy, imposes a maximum debt service mill levy that is consistent with the District’s definitions of Senior Required Mill Levy and Subordinate Required Mill Levy contained in the Indentures, and imposes a maximum debt service mill levy imposition term that is consistent with the discharge dates described herein.

#### Note 6: Tax, Spending and Debt Limitations

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

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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

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

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

On May 8, 2018, 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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the 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.

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

Note 8: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances 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 capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

DRAFT 5-19-23

SUPPLEMENTAL INFORMATION

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

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

For the Period Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 218,231	\$ 218,181	\$ (50)
Specific ownership taxes	10,912	14,782	3,870
Interest and other income	-	6,143	6,143
Total Revenues	<u>229,143</u>	<u>239,106</u>	<u>9,963</u>
EXPENDITURES			
Bond interest expense	196,750	196,750	-
Trustee fees	8,500	-	8,500
Treasurer's fees	3,273	3,278	(5)
Total Expenditures	<u>208,523</u>	<u>200,028</u>	<u>8,495</u>
NET CHANGE IN FUND BALANCE	20,620	39,078	18,458
FUND BALANCE:			
BEGINNING OF PERIOD	<u>477,478</u>	<u>477,083</u>	<u>(395)</u>
END OF PERIOD	<u>\$ 498,098</u>	<u>\$ 516,161</u>	<u>\$ 18,063</u>

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

# DRAFT 5-19-23

## RIVERDALE RANCH METROPOLITAN DISTRICT

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 71,590	10.000	55.277	\$ 4,673	\$ 4,673	100.00%
2020	\$ 71,290	10.000	55.664	\$ 4,681	\$ 4,681	100.00%
2021	\$ 1,258,950	10.000	55.664	\$ 82,668	\$ 80,432	97.30%
2022	\$ 3,920,500	10.000	55.664	\$ 257,436	\$ 257,377	99.98%
Estimated for year ending December 31, 2023	\$ 3,963,720	8.500	56.020	\$ 255,739		

#### 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.