

**KEN-CARYL RANCH  
METROPOLITAN DISTRICT  
Jefferson County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

## Table of Contents

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	I
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	IV
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements	
Statement of Net Position – Governmental Activities	1
Statement of Activities – Governmental Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	7
Conservation Trust and Grant Fund	8
Community Garden Fund	9
Veterans Monument Fund	10
Notes to Financial Statements	11
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	28
PMD Settlement Capital Projects Fund	29
<b>OTHER INFORMATION</b>	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	30
Summary of Property Taxes Levied for Debt Service, Property Taxes Collected for Debt Service, Debt Service Fund Expenditures, Debt Service Fund Fund Balances, and Outstanding Bond Balance	31
Top Taxpayers Within the District	32
Assessed Valuation of Classes of Property in the District	33



**SCHILLING & COMPANY, INC.**

*Certified Public Accountants*

P.O. Box 631579  
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086

FAX: 720.348.2920

## **Independent Auditor's Report**

Board of Directors  
Ken-Caryl Ranch Metropolitan District  
Jefferson County, Colorado

### ***Opinions***

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

In our opinion, the 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 the Ken-Caryl Ranch Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Conservation Trust and Grant Fund, Community Garden Fund, and Veterans Monument 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 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 Responsibility 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the

financial statements. Such information is the responsibility of management and was derived from and relate 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 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 our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
June 28, 2022

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

As management of the Ken-Caryl Ranch Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplemental and other information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include administration, facilities, parks, recreation, and interest and fiscal charges.

The government-wide financial statements can be found on pages 1 and 2 of this report.

#### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

#### **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 3-10 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-27 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information consisting of a budget to actual comparisons and certain statistical information. The supplementary information can be found on pages 28-29 of this report and the other information can be found on pages 30-33.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$10,069,429 at the close of the most recent fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets increased due to an overall positive change in net position. Capital assets decreased as current year depreciation exceeded the additions to capital assets for the year. Long term obligations decreased due to the reduction of outstanding bonds payable as a result of the District making the scheduled debt service payments on the outstanding bonds. Additional information on the District's capital assets and long-term debt can be found in the Capital Asset and Debt Administration section of this Management's Discussion and Analysis.

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

The property taxes receivable and deferred property tax revenue increased due to an 8.6% increase in the assessed valuation and a .142 mill levy increase for the property taxes levied for collection in 2022. Other liabilities increased by 51.0% due to an increase in the unearned revenue and an increase in accounts payable and other accrued liabilities as a result of the District's operations beginning to return to more normal levels toward the end of 2021 as the COVID-19 restrictions were eased. The District's overall financial position, as measured by net position, increased \$1,795,051, during 2021.

Refer to the following table for additional detail regarding these changes:

<b>Statement of Net Position</b>		
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current and other assets	\$ 8,402,487	\$ 6,787,603
Capital assets, net of accumulated depreciation	9,193,089	9,314,771
<b>Total Assets</b>	<b>17,595,576</b>	<b>16,102,374</b>
<b>Liabilities:</b>		
Long-term liabilities outstanding	2,605,822	3,429,359
Other liabilities	392,945	260,187
<b>Total Liabilities</b>	<b>2,998,767</b>	<b>3,689,546</b>
<b>Deferred Inflows of Resources:</b>		
Deferred property tax revenue	4,527,380	4,138,450
<b>Total Deferred Inflows of Resources</b>	<b>4,527,380</b>	<b>4,138,450</b>
<b>Net Position:</b>		
Net investment in capital assets	6,591,240	5,890,709
Restricted	327,250	462,513
Unrestricted	3,150,939	1,921,156
<b>Total Net Position</b>	<b>\$ 10,069,429</b>	<b>\$ 8,274,378</b>

During 2021, the COVID-19 restrictions imposed by the State of Colorado and Jefferson County, which had such a significant impact on the District's operations, were relaxed, which allowed the District to begin working back toward normal operations and capacity levels. Although there were increases in the participants in many of the District's programs, including: facility rentals; recreation programs such as wellness, aquatics, cultural and community events, tennis, school age youth programs, and preschool; and parks field usage, the District was not yet back to pre-COVID 19 levels of service. As a result, program charges for services were \$2,101,120, a 68.9% increase from 2020. The District's operating grants and contributions increased by \$87,207, or 22.0%, due to the continued receipt of the PMD Settlement funds. Additionally, the District received a contribution of \$172,000 from the Ken-Caryl Ranch Master Association (KCRMA) to be used for forestry, parks maintenance, and deferred capital needs.

Expenses for the District were also impacted by the relaxing of the COVID-19. Due to the increasing capacity and participants in the District's programs, the District was able to fill several of positions which had been furloughed during 2020 as well as vacant positions which had not been filled in 2020. As a result, the facilities and parks expenses noted increases of \$71,698

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

(10.9%) and \$227,873 (15.0%), respectively. Although there were increases in the operational programs in the recreation area, there was a decrease in the level of PMD Settlement funds that were remitted to the KCRMA for the Ranch House Pool project. As a result, the recreation expenses decreased by \$855,551 (30.1%) from 2020. In 2020 the District remitted a total of \$1,452,783 to the KCRMA for the Ranch House Pool project, but only remitted \$300,000 in 2021.

Refer to the following table for additional detail regarding these changes:

<b>Statement of Activities</b>		
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 2,101,120	\$ 1,243,687
Operating grants and contributions	484,117	396,910
Capital grants and contributions	67,414	57,222
General revenues:		
Property taxes	4,094,644	4,086,791
Specific ownership taxes	316,527	305,710
Net investment earnings	1,506	17,895
Other	87,742	13,565
Gain on disposal of capital assets	33,240	8,000
<b>Total Revenues</b>	<b>7,186,310</b>	<b>6,129,780</b>
<b>Expenses:</b>		
Administration	837,442	823,475
Facilities	726,749	655,051
Parks	1,751,704	1,523,831
Recreation	1,986,799	2,842,350
Interest and fiscal charges	88,565	102,721
<b>Total Expenses</b>	<b>5,391,259</b>	<b>5,947,428</b>
<b>Change in Net Position</b>	<b>1,795,051</b>	<b>182,352</b>
<b>Net Position - Beginning</b>	<b>8,274,378</b>	<b>8,092,026</b>
<b>Net Position - Ending</b>	<b>\$ 10,069,429</b>	<b>\$ 8,274,378</b>

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

#### **Governmental funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,481,581. Of this fund balance: \$157,515 is nonspendable – meaning it is not in spendable form as it represents prepaid expenditures; \$330,642 is restricted - meaning it is constrained to specific purposes by providers, through constitutional provisions, or by enabling legislation; and the remaining fund balance \$2,993,424 is unassigned. The unassigned fund balance increased by \$1,218,111, or 68.6%, primarily due to revenues exceeding expenditures in the General Fund for 2021.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

##### **Budget Variances**

Actual general fund revenues were more than budgeted in 2021 by \$481,902. This favorable variance is the result of the District being conservative when budgeting revenues for 2021, due to the continued uncertainty regarding COVID-19 and possible continued restrictions on capacity and social distancing.

Actual general fund expenditures were less than budgeted in 2021 by \$719,441. Although many of the COVID-19 restrictions were being relaxed in 2021, the District was still not able to return to full capacity and participation in most of its programming. As a result, the actual expenditures were less than had been anticipated.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

The District's investment in capital assets as of December 31, 2021 amounted \$9,193,089 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, vehicles and equipment. The analysis of changes in capital assets is as follows:

<b>Capital Assets</b>			
<b>(net of depreciation)</b>			
	<b>2020</b>	<b>Changes</b>	<b>2021</b>
Land improvements	\$ 2,065,382	\$ 54,682	\$ 2,120,064
Buildings and improvements	6,980,618	(175,785)	6,804,833
Vehicles and equipment	268,771	(579)	268,192
<b>Total</b>	<b>\$ 9,314,771</b>	<b>\$ (121,682)</b>	<b>\$ 9,193,089</b>

During 2021, the capital asset activity included: replacement of the playground surface at the Community Park (\$145,055), North Ranch Park design work (\$8,425), Community Center concrete flatwork (\$5,000), Community Park playground retaining wall (\$16,633), Ranch House Tennis Courts resurfacing and lighting replacements (\$32,572), Community Center Tennis Court lighting and electrical replacements (\$7,385), the purchase of two mowers for (\$54,948), and some closeout costs on the Ranch House Pool project for (\$2,951). Depreciation expense

# Ken-Caryl Ranch Metropolitan District

## Management's Discussion and Analysis

### December 31, 2021

for 2021, exceeded the value of the capital assets added, and as a result there was a net decrease in capital assets of \$121,682.

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations.** At the end of the current fiscal year, the District had total outstanding long-term obligations of \$2,605,822, comprised of general obligation bonds issued for the capital improvement projects completed in prior years.

<b>Outstanding Debt</b>			
	<b>2020</b>	<b>Change</b>	<b>2021</b>
GO Bonds and Premium on Bonds	\$ 3,429,359	\$ (823,537)	\$ 2,605,822
	\$ 3,429,359	\$ (823,537)	\$ 2,605,822

No new bonds, loans or capital leases were entered into during 2021. The principal and interest payments on outstanding debt were made as scheduled during 2021.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Residential Assessment Rate remained the same as 2021, at 7.15%, due to a state-wide ballot question which passed in November 2020. However, 2021 was a reassessment year, and the District's assessed valuation increased by 8.6%. The District's mill levy increased by .142 mills. As a result, the District levied \$432,736 more property taxes, or 10.6%, than were collected for 2021.

The COVID-19 pandemic continues to impact the United States. The District Management and the Board of Directors continue to monitor COVID-19 and its impact on the District's operations and programs, adjusting where needed. The District continues to be conservative in budgeting both revenues and expenditures.

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ken-Caryl Ranch Metropolitan District, 7676 South Continental Divide Road, Littleton, CO 80127, phone: (303) 979-1876.

## **BASIC FINANCIAL STATEMENTS**

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES**  
**December 31, 2021**

**ASSETS**

Cash and investments - Unrestricted	\$ 3,481,466
Cash and investments - Restricted	181,151
Receivables, net:	
Accounts receivable	24,870
Ken-Caryl Ranch Master Association	26,132
Property tax receivable	4,527,380
Prepaid expenses	157,515
Prepaid bond insurance	3,973
Capital assets, not being depreciated	916,425
Capital assets, being depreciated, net of accumulated depreciation	8,276,664
Total assets	17,595,576

**LIABILITIES**

Accounts payable and other accrued liabilities	267,042
Refunds and deposits payable	41,511
Unearned revenue	81,000
Accrued interest payable	3,392
Long-term obligations:	
Due within one year	845,296
Due within more than one year	1,760,526
Total liabilities	2,998,767

**DEFERRED INFLOWS OF RESOURCES**

Deferred property tax revenue	4,527,380
Total deferred inflows of resources	4,527,380

**NET POSITION**

Net investment in capital assets	6,591,240
Restricted for:	
Emergencies	109,000
Parks and recreation	144,855
Community garden	18,092
Community garden reserve account	13,000
Veterans monument	9,399
Debt service	3,542
Capital additions and improvements	29,362
Unrestricted	3,150,939
Total net position	\$ 10,069,429

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES**  
Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Administration	\$ 837,442	\$ 101,222	\$ -	\$ -	\$ (736,220)
Facilities	726,749	60,168	-	-	(666,581)
Parks	1,751,704	46,994	172,000	-	(1,532,710)
Recreation	1,986,799	1,892,736	312,117	67,414	285,468
Interest and fiscal charges	88,565	-	-	-	(88,565)
	<u>\$ 5,391,259</u>	<u>\$ 2,101,120</u>	<u>\$ 484,117</u>	<u>\$ 67,414</u>	<u>(2,738,608)</u>

General revenues:

Taxes:	
Property taxes	4,094,644
Specific ownership taxes	316,527
Net investment earnings	1,506
Other	87,742
Gain on disposal of capital assets	33,240
Total general revenues	<u>4,533,659</u>
Change in net position	<u>1,795,051</u>
Net position - Beginning of year	<u>8,274,378</u>
Net position - End of year	<u>\$ 10,069,429</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2021**

	General Fund	Conservation Trust and Grant Fund	Community Garden Fund	Veterans Monument Fund	Debt Service Fund	PMD Settlement Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments - Unrestricted	\$ 3,440,975	\$ -	\$ 31,092	\$ 9,399	\$ -	\$ -	\$ 3,481,466
Cash and investments - Restricted	-	144,855	-	-	6,934	29,362	181,151
Accounts and grants receivable	24,870	-	-	-	-	-	24,870
Due from KCRMA	26,132	-	-	-	-	-	26,132
Prepaid expenditures	157,515	-	-	-	-	-	157,515
Property tax receivable	3,598,110	-	-	-	929,270	-	4,527,380
<b>TOTAL ASSETS</b>	<b>\$ 7,247,602</b>	<b>\$ 144,855</b>	<b>\$ 31,092</b>	<b>\$ 9,399</b>	<b>\$ 936,204</b>	<b>\$ 29,362</b>	<b>\$ 8,398,514</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and other accrued liabilities	\$ 267,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,042
Refunds and deposits payable	41,511	-	-	-	-	-	41,511
Unearned revenue	81,000	-	-	-	-	-	81,000
Total Liabilities	389,553	-	-	-	-	-	389,553
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred property tax revenues	3,598,110	-	-	-	929,270	-	4,527,380
Total Deferred Inflows of Resources	3,598,110	-	-	-	929,270	-	4,527,380
<b>FUND BALANCES</b>							
Nonspendable:							
Prepaid expenditures	157,515	-	-	-	-	-	157,515
Spendable:							
Restricted for:							
Emergencies	109,000	-	-	-	-	-	109,000
Parks and recreation	-	144,855	-	-	-	-	144,855
Community garden	-	-	18,092	-	-	-	18,092
Community garden reserve account	-	-	13,000	-	-	-	13,000
Veterans monument	-	-	-	9,399	-	-	9,399
Debt service	-	-	-	-	6,934	-	6,934
Capital additions and improvements	-	-	-	-	-	29,362	29,362
Unassigned	2,993,424	-	-	-	-	-	2,993,424
Total Fund Balances	3,259,939	144,855	31,092	9,399	6,934	29,362	3,481,581
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 7,247,602</b>	<b>\$ 144,855</b>	<b>\$ 31,092</b>	<b>\$ 9,399</b>	<b>\$ 936,204</b>	<b>\$ 29,362</b>	<b>\$ 8,398,514</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
Year Ended December 31, 2021**

A reconciliation reflecting the differences between the governmental funds total fund balance to the net position of the governmental activities in the Statement of Net Position is as follows:

Total fund balances - governmental funds	<u>\$ 3,481,581</u>
<p>Some assets used in governmental activities are not financial resources, and therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Prepaid bond insurance	3,973
Capital assets, net of accumulated depreciation	<u>9,193,089</u>
	<u>9,197,062</u>
<p>Some liabilities, including bonds and capital leases payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Bonds payable and premium on bonds	(2,605,822)
Accrued interest payable	<u>(3,392)</u>
	<u>(2,609,214)</u>
Net position of governmental activities	<u><u>\$ 10,069,429</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year Ended December 31, 2021

	General Fund	Conservation Trust and Grant Fund	Community Garden Fund	Veterans Monument Fund	Debt Service Fund	PMD Settlement Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 3,247,977	-	\$ -	-	\$ 846,667	-	\$ 4,094,644
Specific ownership taxes	316,527	-	-	-	-	-	316,527
Program generated revenues	2,097,950	-	3,170	-	-	-	2,101,120
Intergovernmental	-	67,414	-	-	-	-	67,414
Legal settlement proceeds	-	-	-	-	-	300,000	300,000
Net investment income	1,485	-	-	-	-	21	1,506
Contributions	172,000	-	-	-	-	-	172,000
Grants	12,117	-	-	-	-	-	12,117
Other	87,742	-	-	-	-	-	87,742
Total revenues	5,935,798	67,414	3,170	-	846,667	300,021	7,153,070
<b>EXPENDITURES</b>							
Administration	809,207	-	-	-	13,030	-	822,237
Facilities	540,694	-	-	-	-	-	540,694
Parks	1,593,371	-	-	392	-	-	1,593,763
Recreation	1,651,165	-	184	-	-	300,000	1,951,349
Debt service	-	-	-	-	911,850	-	911,850
Capital outlay	140,018	130,000	-	-	-	2,951	272,969
Total expenditures	4,734,455	130,000	184	392	924,880	302,951	6,092,862
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,201,343	(62,586)	2,986	(392)	(78,213)	(2,930)	1,060,208
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets	33,240	-	-	-	-	-	33,240
Total Other Financing Sources (Uses)	33,240	-	-	-	-	-	33,240
<b>NET CHANGE IN FUND BALANCES</b>	1,234,583	(62,586)	2,986	(392)	(78,213)	(2,930)	1,093,448
<b>FUND BALANCES - BEGINNING OF YEAR</b>	2,025,356	207,441	28,106	9,791	85,147	32,292	2,388,133
<b>FUND BALANCES - END OF YEAR</b>	\$ 3,259,939	\$ 144,855	\$ 31,092	\$ 9,399	\$ 6,934	\$ 29,362	\$ 3,481,581

These financial statements should be read only in connection with the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 1,093,448</u>
<p>In the statement of activities, the net gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sales increase financial resources.</p>	
Proceeds from disposal of capital assets	(33,240)
Gain on disposal of capital assets	<u>33,240</u>
	<u>-</u>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	272,969
Depreciation	(391,700)
Loss on contribution of capital assets to other entities	(2,951)
	<u>(121,682)</u>
<p>The issuance of long-term obligations (e.g. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds.</p>	
Bond principal payments	810,000
Amortization of bond premium	13,537
	<u>823,537</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Amortization of prepaid bond insurance	(1,324)
Change in accrued interest payable	1,072
	<u>(252)</u>
Change in net position - Governmental activities	<u><u>\$ 1,795,051</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for 2020)**

	2021		Variance with Final Budget - Positive (Negative)	2020
	Original and Final Adopted Budget	Actual		Actual
<b>REVENUES</b>				
Property taxes	\$ 3,282,725	\$ 3,247,977	\$ (34,748)	\$ 3,241,419
Specific ownership taxes	270,000	316,527	46,527	305,710
Program generated revenues:				
Administration	108,000	101,222	(6,778)	100,751
Facilities	45,792	60,168	14,376	42,765
Parks	36,000	46,994	10,994	21,703
Recreation	1,522,679	1,889,566	366,887	1,075,123
Net investment income	9,500	1,485	(8,015)	9,792
Contributions	172,000	172,000	-	-
Grants	-	12,117	12,117	92,410
Other	7,200	87,742	80,542	13,565
Total Revenues	5,453,896	5,935,798	481,902	4,903,238
<b>EXPENDITURES</b>				
Administration	1,075,823	809,207	266,616	795,259
Facilities:				
Ranch House	302,379	278,404	23,975	254,756
Dakota Lodge	32,612	28,860	3,752	25,756
Community Center	249,195	233,430	15,765	188,483
Parks	1,702,581	1,593,371	109,210	1,369,536
Recreation:				
Recreation management	278,074	269,704	8,370	231,078
Wellness	85,461	83,841	1,620	93,404
General recreation programs	26,534	34,103	(7,569)	12,996
Aquatics	274,546	282,961	(8,415)	124,891
Events	25,756	22,050	3,706	17,574
Tennis	399,352	376,032	23,320	331,248
School age youth programs	395,995	375,628	20,367	315,874
Preschool	262,256	206,846	55,410	177,435
Capital outlay	-	140,018	(140,018)	203,769
Contingency	343,332	-	343,332	-
Total Expenditures	5,453,896	4,734,455	719,441	4,142,059
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	1,201,343	1,201,343	761,179
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	8,058
Transfer (out)	-	-	-	(3,660)
Insurance proceeds	-	-	-	26,341
Proceeds from disposal of capital assets	-	33,240	33,240	8,000
Total Other Financing Sources (Uses)	-	33,240	33,240	38,739
<b>NET CHANGE IN FUND BALANCE</b>	-	1,234,583	1,234,583	799,918
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,746,739	2,025,356	278,617	1,225,438
<b>FUND BALANCE - END OF YEAR</b>	\$ 1,746,739	\$ 3,259,939	\$ 1,513,200	\$ 2,025,356

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
CONSERVATION TRUST AND GRANT FUND  
Year Ended December 31, 2021  
(With Comparative Actual Amounts for 2020)**

	2021			Variance with Final Budget - Positive (Negative)	2020
	Original Adopted Budget	Final Adopted Budget	Actual		Actual
<b>REVENUES</b>					
Intergovernmental:					
Conservation Trust Fund proceeds	\$ 52,000	\$ 52,000	\$ 67,414	\$ 15,414	\$ 57,222
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>67,414</u>	<u>15,414</u>	<u>57,222</u>
<b>EXPENDITURES</b>					
Capital outlay	52,000	130,000	130,000	-	31,869
Total Expenditures	<u>52,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>31,869</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(78,000)	(62,586)	15,414	25,353
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>201,764</u>	<u>201,764</u>	<u>207,441</u>	<u>5,677</u>	<u>182,088</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$201,764</u>	<u>\$ 123,764</u>	<u>\$ 144,855</u>	<u>\$ 21,091</u>	<u>\$ 207,441</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNITY GARDEN FUND**  
**Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for 2020)**

	2021		Variance with Final Budget - Positive (Negative)	2020
	Original and Final Adopted Budget	Actual		Actual
<b>REVENUES</b>				
Garden fees	\$ 3,200	\$ 3,170	\$ (30)	\$ 3,345
Total Revenues	3,200	3,170	(30)	3,345
<b>EXPENDITURES</b>				
Garden maintenance and supplies	750	184	566	204
Contingency	2,450	-	2,450	-
Total Expenditures	3,200	184	3,016	204
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	2,986	2,986	3,141
<b>OTHER FINANCING SOURCES</b>				
Transfer in	-	-	-	3,660
Total Other Financing Sources	-	-	-	3,660
<b>NET CHANGE IN FUND BALANCE</b>	-	2,986	2,986	6,801
<b>FUND BALANCE - BEGINNING OF YEAR</b>	24,505	28,106	3,601	21,305
<b>FUND BALANCE - END OF YEAR</b>	\$ 24,505	\$ 31,092	\$ 6,587	\$ 28,106

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
VETERANS MONUMENT FUND  
Year Ended December 31, 2021  
(With Comparative Actual Amounts for 2020)**

	2021			Variance with Final Budget - Positive (Negative)	2020
	Original Adopted Budget	Final Adopted Budget	Actual		Actual
<b>REVENUES</b>					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
<b>EXPENDITURES</b>					
Parks and facilities	-	1,000	392	608	3,966
Total Expenditures	<u>-</u>	<u>1,000</u>	<u>392</u>	<u>608</u>	<u>3,966</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(1,000)	(392)	608	534
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>7,691</u>	<u>7,691</u>	<u>9,791</u>	<u>2,100</u>	<u>9,257</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 7,691</u></u>	<u><u>\$ 6,691</u></u>	<u><u>\$ 9,399</u></u>	<u><u>\$ 2,708</u></u>	<u><u>\$ 9,791</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Ken-Caryl Ranch Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide park (including open space) and recreation, transportation and television relay and transmission services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity. The following entities are not part of the District's defined reporting entity as each of these entities has their own elected governing boards and are independent of the District as to fiscal accountability and financial affairs:

Ken-Caryl Ranch Master Association  
The Ken-Caryl Ranch Foundation  
Ken-Caryl Ranch Water and Sanitation District  
Plains Metropolitan District

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-wide and Fund Financial Statements**

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

The statement of net position reports all financial and capital resources of the District, with the difference between the assets, liabilities, and deferred inflows of resources of the District being reported as net position.

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.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and program generated revenues. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The *Conservation Trust and Grant Fund* is used to account for State of Colorado Lottery proceeds and grant proceeds that are restricted for recreational expenditures.

The *Community Garden Fund* is used to account for the District's gardener user fees, expenditures and required reserves for the District's community garden program.

The *Veterans Monument Fund* is used to account for the contributions being accumulated for and the construction of a Veterans monument.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

The *PMD Settlement Capital Projects Fund* is used to account for proceeds from the Stipulated Supplemental Judgement stemming from the District's litigation with the Plains Metropolitan District.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

For the year ended December 31, 2021, supplementary appropriations approved by the District modified the appropriations for the Conservation Trust and Grant Fund, the Veterans Monument Fund, the Debt Service Fund, and the PMD Settlement Capital Projects Fund.

**Pooled Cash and Investments**

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

**Receivables**

Receivables are reported net of an allowance for uncollectible accounts.

**Prepaid Expenditures/Expenses**

Certain payments to vendors for goods or services reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales 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 revenue and reported as deferred inflows of resources in the year they are levied and measurable. The

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. trails and bridges), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets, including equipment, with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years, and improvements to buildings with a cost of more than \$50,000. District capital assets include assets owned by the District, as well as capital expenditures made by the District to property owned by third parties but operated and maintained by the District, and which are considered to be leasehold improvements to such assets. This category includes assets operated, maintained and improved by the District which are owned by the Ken-Caryl Ranch Master Association and Jefferson County.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property and equipment of the District, as well as any component units, is depreciated using the straight line method over the following estimated useful lives:

Land and land improvements	15 years
Buildings and improvements	10-40 years
Vehicles and equipment	5-15 years

**Deferred Inflows of Resources**

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 revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Fund Balances – Governmental Funds**

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints as follows:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Restricted fund balance—the 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 the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**Intergovernmental Revenue**

Intergovernmental revenue represents shared revenue and grants from the State of Colorado.

**Program Generated Revenue**

Program generated revenue represents fees charges for administrative services, facility usage, parks usage and recreational programs.

**Reclassifications**

For comparability, certain 2020 amounts have been reclassified where appropriate to conform with the 2021 financial statement presentation.

**NOTE 3 - CASH AND INVESTMENTS**

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

Cash and investments - Unrestricted	\$3,481,466
Cash and investments - Restricted	181,151
	<u>\$3,662,617</u>

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Following is the composition of the District's cash and investment portfolio as of December 31, 2021:

Cash on hand	\$ 200
Deposits with financial institutions	714,523
Investments	2,947,894
Total cash and investments	\$3,662,617

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102 percent 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.

As of December 31, 2021, the District's cash deposits had a bank balance of \$681,562 and a carrying balance of \$714,523.

**Investments**

**Credit Risk**

The District has adopted a formal investment policy, which allows the District to invest in the one or more of the following:

- . U.S. treasury bills, notes and bonds
- . Government agencies
- . Insured or fully-collateralized certificates of deposit at commercial banks
- . The Colorado Local Government Liquid Asset Trust (Colotrust Prime)
- . The Colorado Local Government Liquid Asset Trust (Colotrust PLUS+)
- . Commercial paper with a credit rating of A1/P1 – A1+/P1

The District has invested in a local government investment pool, the Colorado Local Government Liquid Asset Trust (COLOTRUST), which is rated AAAM by Standard & Poor's.

**Interest Rate Risk**

The District's investment policy states that the maturity of the securities shall be structured to avoid any undue concentration in any sector of the yield curve. No portion of the portfolio shall exceed five years in maturity with consideration for a laddering approach.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

<u>Investment</u>	<u>Maturity</u>	<u>Value at NAV</u>
COLOTRUST Plus+	Weighted average under 60 days	<u>\$ 2,947,894</u>

**COLOTRUST**

As of December 31, 2021, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust and/or COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at [www.colotruster.com](http://www.colotruster.com).

**Concentration of Credit Risk**

The District's investment policy states that the composition of the portfolio will vary according to market opportunities at the discretion of District management and the District Treasurer. However, at no time may the total investment in Commercial Paper exceed 25% of the overall District investment portfolio.

The restricted cash and investments of \$181,151 as of December 31, 2021 is comprised of the following: \$144,855 of unspent Conservation Trust Fund (Colorado Lottery) proceeds which are restricted for parks and recreation purposes, \$6,934 of accumulated property taxes that were levied for payment of the debt service on the District's Series 2014 General Obligation Bonds, and \$29,362 of legal settlement proceeds restricted for capital additions and improvements.

**Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

However, the District's investments are not categorized within the fair value hierarchy. The District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

**COLOTRUST**

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2021, is as follows:

	<b>Balance December 31, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2021</b>
Governmental activities				
Capital assets, not being depreciated:				
Land improvements	\$ 916,425	\$ -	\$ -	\$ 916,425
Construction in progress:				
Ranch House Pool improvements	-	2,951	(2,951)	-
Total capital assets, not being depreciated	<u>916,425</u>	<u>2,951</u>	<u>(2,951)</u>	<u>916,425</u>
Capital assets, being depreciated:				
Land improvements	1,631,363	175,113	-	1,806,476
Buildings and improvements	7,932,615	39,957	-	7,972,572
Vehicles and equipment	1,524,067	54,948	(48,171)	1,530,844
Total capital assets, being depreciated	<u>11,088,045</u>	<u>270,018</u>	<u>(48,171)</u>	<u>11,309,892</u>
Less accumulated depreciation for:				
Land improvements	(482,406)	(120,431)	-	(602,837)
Buildings and improvements	(951,997)	(215,742)	-	(1,167,739)
Vehicles and equipment	(1,255,296)	(55,527)	48,171	(1,262,652)
Total accumulated depreciation	<u>(2,689,699)</u>	<u>(391,700)</u>	<u>48,171</u>	<u>(3,033,228)</u>
Total capital assets, being depreciated, net	<u>8,398,346</u>	<u>(121,682)</u>	<u>-</u>	<u>8,276,664</u>
Government capital assets, net	<u>\$ 9,314,771</u>	<u>\$ (118,731)</u>	<u>\$ (2,951)</u>	<u>\$ 9,193,089</u>

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Depreciation expense was charged to the following functions/programs:

Administration	\$ 15,205
Facilities	186,055
Parks	157,941
Recreation	32,499
	\$ 391,700

**NOTE 5 – LONG-TERM OBLIGATIONS**

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

	<b>Balance December 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2021</b>	<b>Due Within One Year</b>
GO Bonds, Series 2014:					
GO Bonds	\$ 3,395,000	\$ -	\$ (810,000)	\$ 2,585,000	\$ 835,000
Premium on GO Bonds	34,359	-	(13,537)	20,822	10,296
	\$ 3,429,359	\$ -	\$ (823,537)	\$ 2,605,822	\$ 845,296

**General Obligation Bonds, Series 2014**

On September 20, 2014, the District issued \$7,900,000 of General Obligation Bonds, Series 2014. The bonds were issued to fund various improvements to community parks and recreation amenities and facilities within the District’s boundaries. The bonds are serial bonds bearing interest at 2.00% and 3.00% with interest payments due semiannually on June 15 and December 15, commencing on June 15, 2015. Principal on the bonds is due annually on December 15, beginning December 15, 2015. Final maturity of the bonds is December 15, 2024. The bonds maturing on and before December 15, 2019 are not subject to redemption prior to maturity. The bonds maturing on and after December 15, 2020 are subject to redemption prior to maturity at the option of the District on December 15, 2019 or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium. The bonds are secured by the District’s full faith and credit and are general obligations of the District payable from a separate voter-approved ad valorem taxes to be levied, without limitation as to rate, in an amount to pay the principal and interest on the bonds when due. The scheduled payments of principal and interest on the bonds are guaranteed under an insurance policy through the Municipal Assurance Corp. an Assured Guaranty Company.

The District’s General Obligation Bonds, Series 2014, will mature as follows:

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 835,000	\$ 77,550	\$ 912,550
2023	860,000	52,500	912,500
2024	890,000	26,700	916,700
	<u>\$ 2,585,000</u>	<u>\$ 156,750</u>	<u>\$ 2,741,750</u>

As of December 31, 2021, the District had no authorized but unissued debt.

***Operating Leases***

The District has entered into the following lease agreements.

**Community Center Lease**

During December 1991, the District entered into a lease agreement with Jefferson County (County) for the operation and maintenance of the Ken-Caryl Ranch Community Center (Community Center). The initial term of the lease is 35 years with an annual rental fee of \$1 which was paid in full upon execution of the lease. The lease may be renewed for one additional 35 year term or in the absence of such renewal, shall remain in effect after the initial term on a month to month basis. Improvements to the Community Center will be paid for by the District. All improvements to the Community Center remain the property of the County. On June 18, 2015, the District and the County entered into an amendment to this lease agreement which extended the lease expiration date from December 12, 2026 to December 12, 2036. Additionally, the amendment modified various other terms of the lease agreement, including the addition of a provision whereby the County may deed the Community Center to the District upon satisfaction of various terms.

**Maintenance Shop Lease**

On January 1, 2001, the District entered into a lease agreement with the Association to rent the maintenance shop. The initial term of the lease was 1 year with an annual rental fee of \$1 which was paid in full upon execution of the lease. The lease will renew automatically for additional 1 year terms. Improvements to the maintenance shop will be paid for by the District. Upon termination of the lease, any improvements, upon written request of the Association can be removed by the District.

**Land Leases**

During 1993, the District entered into an agreement to lease a tract of land from the Jefferson County School District No. R-1 (School District). The initial term of the lease was one year with an annual lease fee of \$1,000 and the option to renew annually. The lease was amended in 1996 to include a second tract of land. The District is responsible for the maintenance of the land and has constructed recreational fields and equipment on one of the tracts. The School District may cancel the lease upon six months notice if the School District intends to build a school on the site or sell it. The District's obligations with respect to this land have been limited by an Agreement between the District and the North Ranch Homeowners Association. If so

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

canceled, the School District will reimburse the District for a pro rata share of construction costs incurred, based on the remaining useful life of the facilities constructed.

**Other Leases**

The District has entered into other lease agreements in which the District assumes responsibility for the total management and maintenance of designated open space land. These include the following properties:

- a) 119 acres of open space land known as Parcel A owned by Jefferson County and lease by the District for 25 years beginning October 1994, for \$1 per year.
- b) 57 acres of open space land known as the Bethel College site owned by Jefferson County and leased by the District for 25 years beginning in May 1992, for \$1 per year.

**NOTE 6 – SIGNIFICANT AGREEMENTS**

**Operations Agreement with Ken-Caryl Ranch Master Association**

Effective January 1, 1989, the District entered into a long-term Reorganization Agreement (Agreement) with the Association to assume responsibility for the operation of certain recreational programs, the operation and maintenance of parks/recreation facilities, and the maintenance of parks, open space and landscaping on behalf of the Association. The Agreement provides the District with a license to occupy and use Association property and facilities in order to perform these functions; however, title to the property and facilities remains with the Association. The District is responsible for all costs of operations and maintenance. The Agreement automatically renews annually unless terminated by either entity with at least 120 days notice prior to the end of any calendar year; provided however, the Association can only give notice if the District fails to perform its obligations under the Agreement. During 2014 the District and the Association entered into the First Amendment to Reorganization Agreement modifying several sections of the original Agreement.

During 2019, the District and Association added Exhibit D “MA Property Improvements” to the First Amendment to the Reorganization Agreement. Exhibit D detailed the value of the District’s bond capital projects that improved Association property. The total value of the improvements to Association property was \$5,022,433.

During 2019, the District and Association added a Second Amendment to the Reorganization Agreement. The Second Amendment redistributed the obligations to pay for water service related to certain water taps. The Association will now pay all costs arising from the water taps on Association property (“MA taps”) and half of the costs arising from water taps on shared property (“Shared taps”).

**Shared Expenditures with Ken-Caryl Ranch Master Association**

The District and Association incur expenditures on behalf of each other for administrative services, office supplies, open space management, and other costs. The expenditures are reimbursed on a monthly basis. On January 1, 2001, the District and Association entered into a Cooperative Agreement for Open Space which included Open Space Management, Open

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Space Education Programs and Lease Purchase of Open Space Equipment. During 2021, the Association reimbursed the District \$101,222 under the agreement.

**Ranch House Pool Replacement/Renovation Cooperative Agreement with Ken-Caryl Ranch Master Association**

On May 21, 2019, the District and Association entered into Ranch House Pool Replacement/Renovation Cooperative Agreement. According to the agreement, the District agreed to contribute up to \$2,250,000 of the Plains Metropolitan District Net Settlement Funds (See Note 11) toward the Ranch House Pool Project (Project) subject to the certain terms and conditions. Effective June 6, 2020, the District and Association entered into the First Amendment to the Ranch House Pool Replacement/Renovation Cooperative Agreement which provided for an additional \$25,000 contribution to be provided by the District, bringing the total to \$2,275,000. As of December 31, 2021, the District had incurred direct costs for a total of \$347,806 related to the Project, incurred as follows: \$2,951 in 2021, \$37,617 in 2020, \$211,751 in 2019, and \$98,438 in 2018. Additionally, during 2021 and 2020 the District contributed \$300,000 and \$1,452,783, respectively, to the Association to be used for the construction of the Ranch House Pool.

**Ken-Caryl Ranch Foundation**

The Ken-Caryl Ranch Foundation (Foundation) is a Colorado non-profit corporation. Although its original articles of incorporation set forth a detailed list of the activities it was organized to perform, the IRS required the Foundation incorporators to remove this detailed list of purposes as a condition to granting the Foundation tax-exempt status. Accordingly, at this time, the Foundation is limited to the purposes permitted a tax-exempt non-profit corporation and those activities coming within the scope of the Colorado non-profit corporations act.

On February 4, 2003, the Foundation conveyed the Dakota Hogback open space to the District in exchange for open space owned by the District. The open space exchange provides the District with more contiguous, usable open space for the use and enjoyment of its citizens.

**NOTE 7 - FUND EQUITY**

As of December 31, 2021, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$157,515 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$109,000 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

The restricted fund balance in the Conservation Trust and Grant Fund in the amount of \$144,855 represents amounts restricted for parks and recreation capital and certain operating uses.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

The restricted fund balance in the Community Garden Fund in the amount of \$18,092 represents accumulated unspent contributions and garden fees that are restricted to the operations of the community garden.

The restricted fund balance in the Community Garden Fund the amount of \$13,000 is restricted by agreement to be used for the primary purpose of restoring the area where the community garden was constructed to the conditions existing prior to the construction of the community garden. Additionally, if there are no other funds in the Community Garden Fund, the funds may also be used for the repair of damage or vandalism to, or maintenance or repair of the community garden and/or premises.

The restricted fund balance in the Veterans Monument Fund in the amount of \$9,399 is restricted by contributors to be used for the construction and operation of the Veterans Monument.

The restricted fund balance in the Debt Service Fund of \$6,934 is to be used for the payment of debt service on the District's General Obligation Bonds, Series 2014.

The restricted fund balance in the PMD Settlement Capital Projects Fund of \$29,362 is to be used for capital additions and improvements in accordance with the settlement agreement.

**NOTE 8 - NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had invested in capital assets of \$6,591,240.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2021 as follows:

Restricted for:	
Emergencies (see Note 12)	\$ 109,000
Parks and recreation	144,855
Community garden	18,092
Community garden reserve account	13,000
Veterans monument	9,399
Debt service	3,542
Capital additions and improvements	29,362
	<u>\$ 327,250</u>

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 – PENSION PLANS**

**Deferred Compensation Plan**

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by the Mission Square Retirement. The plans allow the employees to defer a portion of their salary until future years.

One plan (Mandatory Plan) is for part-time who do not qualify for the 401a plan. Beginning January 1, 1999, all part-time employees of the District began contributing 6.2% of compensation to the Section 457 Deferred Compensation Plan in lieu of Social Security contributions. Under this plan, 6.2% of the employee's compensation is withheld and remitted to the plan administrator along with a matching payment of 6.2% from the District. The District and employees made the required contributions for 2021 of \$47,930 and \$47,930, respectively.

The second plan (Voluntary Plan) is for full time employees and part-time employees who have completed one year of service and elect to participate in the plan. The full time and part-time employees may make elective contributions to the plan, which are not matched by the District. The employees made voluntary contributions for 2021 of \$28,400.

Effective January 1, 1997, the District amended the plan to require all amounts deferred to be held in trust for the exclusive benefit of the participating employees and not be accessible by the District or its creditors.

**Defined Contribution Plan**

The salaried employees of the District began participating in a defined contribution plan, maintained and administered by Mission Square Retirement, on October 20, 1993. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Beginning January 1, 1999, salaried employees began contributing a mandatory 10.0% of their earnings to this plan in lieu of contributions to Social Security. Participation for salaried employees is mandatory upon employment. Under this plan, 10.0% of the employee's compensation is withheld and remitted to the plan Administrator along with a matching payment of 10.0% from the District. The District's contributions, plus earnings, become vested at a rate of 25% for each year of employment and 100% after four years of employment. District contributions for employees who leave employment before four years of participation are used to reduce future period contributions of the District. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors. The District and employees made the required contributions for 2021 of \$159,960 and \$159,960, respectively.

**NOTE 10 – RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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 property, liability, public officials' liability, boiler and machinery and workers compensation 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 11 – COMMITMENTS AND CONTINGENCIES**

**Plains Metropolitan District Settlement**

The District was involved in litigation with the Plains Metropolitan District (“Plains”) and ultimately prevailed. The District and Plains entered into a Court-approved Stipulated Supplemental Judgment. In accordance with the Stipulated Supplemental Judgment, Plains Metropolitan District must pay the District a total of \$3.5 million. A Stipulated Supplemental Judgment allows the District to enforce the payment agreement without having to file a new lawsuit. The payments as set forth in the Stipulated Supplemental Judgment are to be made without interest if paid when due, on or before August 1 of each year. Payments made more than ten business days late shall be assessed an interest penalty of 0.5% per month or portion of a month until payment is made. Following are the payments received by the District as well as the anticipated payments to be received through the year ending December 31, 2026.

<b>Year Ended December 31,</b>	<b>Legal Settlement</b>	
	<b>Proceeds</b>	<b>Cumulative</b>
2017	\$ 1,048,000 #	\$ 1,048,000
2018	\$ 300,000 #	\$ 1,348,000
2019	\$ 300,000 #	\$ 1,648,000
2020	\$ 300,000 #	\$ 1,948,000
2021	\$ 300,000 #	\$ 2,248,000
2022	\$ 300,000 *	\$ 2,548,000
2023	\$ 300,000 *	\$ 2,848,000
2024	\$ 300,000 *	\$ 3,148,000
2025	\$ 300,000 *	\$ 3,448,000
2026	\$ 52,000 *	\$ 3,500,000

# - Actual amount received as anticipated based on Stipulated Supplemental Judgment.

\* - Anticipated based on Stipulated Supplemental Judgment.

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 12 - 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 that 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.

On May 7, 2002, the voters of the District approved the following TABOR ballot question:

“Shall the Ken-Caryl Ranch Metropolitan District be permitted to collect, retain and expend all revenue it receives in 2002 as a voter-approved revenue change an property tax revenue change under Article X, Section 20 of the Colorado constitution, and to exceed in 2002 the 5.5% property tax revenue growth limitation contained in Section 29-1-301, Colorado Revised Statutes and any other revenue limitation contained in the laws of the state for the purpose of: the design and renovation of median islands throughout the Ken-Caryl Ranch Metropolitan District?”

On May 6, 2008, the voters of the District approved the following TABOR ballot questions:

“Shall Ken-Caryl Ranch Metropolitan District taxes be increased \$489,385 (first full fiscal year dollar increase) annually, to be levied in year 2008 for collection in the calendar year 2009, and by such additional amounts raised annually thereafter, by increasing its existing property tax by 2.5 mills to be used by the District for capital improvements, maintenance and general administrative/operational purposes?”

“Shall the Ken-Caryl Ranch Metropolitan District be authorized to collect, retain and spend all money collected from property taxes and all other revenue sources, effective January 1, 2008 and every year thereafter, for capital improvements, maintenance and general administrative/operational purposes as a voter approved exception to the revenue and spending limits of Article X, Section 20 of the Colorado constitution, the 5.5% property tax limitation of Section 29-1-301, Colorado Revised Statutes, and the revenue and spending limits of any other state law?”

On May 6, 2014, the voters of the District approved the following TABOR ballot question:

“Shall Ken-Caryl Ranch Metropolitan District (the “District”) debt be increased \$7,900,000, with a repayment cost of \$9,700,000 or by such lesser amount as may be necessary, and shall the District’s taxes be increased \$970,000 annually or by such lesser amount as may be necessary for the payment of such debt and any refundings thereof, such debt to be general obligation bonds or other obligations of the District,

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

including contracts or leases (the “Bonds”), all the purpose of designing, improving, constructing, relocating, installing, completing, and other providing improvements to community parks and recreation amenities and facilities within the District’s boundaries.”

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.

**NOTE 13 – COVID-19 PANDEMIC IMPACT**

The COVID-19 pandemic caused the District to shut down operations mid-March 2020. During 2021, as COVID-19 restrictions were relaxed, the District was able to reopen facilities and increase capacity and participates in the District’s programs and services. However, COVID-19 continues to impact the Colorado and the United States. While there are no restrictions in place as of the date of this report, the District understands the possibility exists of the imposition of restrictions for the remainder of 2021 and into 2022. The District has become well-versed in programmatic and technologic modifications that will allow programming to continue at a safe and financially beneficial rate.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTAL INFORMATION**

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for 2020)**

	<u>2021</u>			<b>Variance with Final Budget - Positive (Negative)</b>	<u>2020</u>
	<b>Original Adopted Budget</b>	<b>Final Adopted Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>REVENUES</b>					
Property taxes	\$ 855,725	\$ 855,725	\$ 846,667	\$ (9,058)	\$ 845,372
Total Revenues	<u>855,725</u>	<u>855,725</u>	<u>846,667</u>	<u>(9,058)</u>	<u>845,372</u>
<b>EXPENDITURES</b>					
Treasurer fees and other	-	13,030	13,030	-	13,011
Bond principal	810,000	810,000	810,000	-	795,000
Bond interest	45,725	101,850	101,850	-	117,750
Total Expenditures	<u>855,725</u>	<u>924,880</u>	<u>924,880</u>	<u>-</u>	<u>925,761</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(69,155)	(78,213)	(9,058)	(80,389)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>86,187</u>	<u>85,147</u>	<u>85,147</u>	-	<u>165,536</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 86,187</u>	<u>\$ 15,992</u>	<u>\$ 6,934</u>	<u>\$ (9,058)</u>	<u>\$ 85,147</u>

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
PMD SETTLEMENT CAPITAL PROJECTS FUND  
Year Ended December 31, 2021  
(With Comparative Actual Amounts for 2020)**

	<u>2021</u>			<b>Variance with Final Budget - Positive (Negative)</b>	<u>2020</u>
	<b>Original Adopted Budget</b>	<b>Final Adopted Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>REVENUES</b>					
Legal settlement proceeds	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Net investment income	-	-	21	21	8,103
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>300,021</u>	<u>21</u>	<u>308,103</u>
<b>EXPENDITURES</b>					
Contribution to KCRMA for pool project	300,000	300,000	300,000	-	1,452,783
Capital outlay	-	2,951	2,951	-	37,617
Total Expenditures	<u>300,000</u>	<u>302,951</u>	<u>302,951</u>	<u>-</u>	<u>1,490,400</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>					
	<u>-</u>	<u>(2,951)</u>	<u>(2,930)</u>	<u>21</u>	<u>(1,182,297)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	-	-	-	-	(8,058)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,058)</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	-	(2,951)	(2,930)	21	(1,190,355)
<b>FUND BALANCE - BEGINNING OF YEAR</b>					
	<u>-</u>	<u>32,292</u>	<u>32,292</u>	<u>-</u>	<u>1,222,647</u>
<b>FUND BALANCE - END OF YEAR</b>					
	<u>\$ -</u>	<u>\$ 29,341</u>	<u>\$ 29,362</u>	<u>\$ 21</u>	<u>\$ 32,292</u>

## **OTHER INFORMATION**

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Property Taxes		Percentage Collected to Levied
		Operations	Debt Service	Levied	Collected	
1994	\$ 97,678,070	14.950	0.000	\$ 1,460,287	\$ 1,458,485	99.9%
1995	\$ 99,959,430	14.950	0.000	\$ 1,494,393	\$ 1,489,631	99.7%
1996	\$ 105,177,210	14.950	0.000	\$ 1,572,399	\$ 1,562,599	99.4%
1997	\$ 107,624,860	14.950	0.000	\$ 1,608,992	\$ 1,597,157	99.3%
1998	\$ 112,701,760	14.950	0.000	\$ 1,684,891	\$ 1,655,886	98.3%
1999	\$ 111,458,530	14.950	0.000	\$ 1,666,305	\$ 1,663,473	99.8%
2000	\$ 121,478,580	14.950	0.000	\$ 1,816,105	\$ 1,811,055	99.7%
2001	\$ 121,881,950	14.420	0.000	\$ 1,757,538	\$ 1,759,045	100.1%
2002	\$ 148,012,010	14.420	0.000	\$ 2,134,333	\$ 2,179,870	102.1%
2003	\$ 147,078,030	14.950	0.000	\$ 2,198,817	\$ 2,153,742	98.0%
2004	\$ 147,806,287	13.360	0.000	\$ 1,974,692	\$ 1,972,930	99.9%
2005	\$ 146,490,300	14.420	0.000	\$ 2,112,390	\$ 2,105,363	99.7%
2006	\$ 154,445,800	14.420	0.000	\$ 2,227,108	\$ 2,220,206	99.7%
2007	\$ 155,245,130	14.170	0.000	\$ 2,199,823	\$ 2,210,448	100.5%
2008	\$ 186,432,440	12.710	0.000	\$ 2,369,556	\$ 2,351,652	99.2%
2009	\$ 181,810,400	15.339	0.000	\$ 2,788,789	\$ 2,785,023	99.9%
2010	\$ 182,926,380	15.228	0.000	\$ 2,785,603	\$ 2,784,186	99.9%
2011	\$ 189,705,940	15.240	0.000	\$ 2,891,119	\$ 2,887,763	99.9%
2012	\$ 174,144,901	15.242	0.000	\$ 2,654,317	\$ 2,650,780	99.9%
2013	\$ 159,481,779	15.239	0.000	\$ 2,430,343	\$ 2,431,992	100.1%
2014	\$ 157,215,944	15.227	0.000	\$ 2,393,927	\$ 2,394,032	100.0%
2015	\$ 157,047,445	15.217	6.180	\$ 3,360,344	\$ 3,362,235	100.1%
2016	\$ 178,471,735	15.214	5.440	\$ 3,686,155	\$ 3,683,444	99.9%
2017	\$ 177,947,187	15.225	5.460	\$ 3,680,838	\$ 3,683,005	100.1%
2018	\$ 191,319,473	15.225	5.460	\$ 3,957,443	\$ 3,941,451	99.6%
2019	\$ 193,370,882	15.280	4.398	\$ 3,805,152	\$ 3,805,747	100.0%
2020	\$ 213,211,049	15.216	3.968	\$ 4,090,241	\$ 4,086,791	99.9%
2021	\$ 215,656,617	15.222	3.968	\$ 4,138,450	\$ 4,094,644	98.9%

Estimated for  
year ending  
December 31,  
2022                    \$ 234,190,989                    15.364                    3.968                    \$ 4,527,380

**NOTE:** Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**KEN-CARYL RANCH METROPOLITAN DISTRICT**  
**SUMMARY OF PROPERTY TAXES LEVIED FOR DEBT SERVICE, PROPERTY TAXES COLLECTED FOR DEBT SERVICE,**  
**DEBT SERVICE FUND EXPENDITURES, DEBT SERVICE FUND BALANCES, AND OUTSTANDING BOND BALANCE**  
 December 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for Debt Service	Property Tax Revenue		Expenditures			Debt		Outstanding Bond Balance End of Year
			Levied	Over(Under) Collected	Bond Principal	Bond Interest	County Treasurer Fees	Service Fund Fund Balance End of Year	Debt Fund Balance End of Year	
2014 Balance (as applicable)										
2015	\$ 157,047,445	6.180	\$ 970,553	\$ 546	\$ 971,099	\$ (680,000)	\$ (231,939)	\$ (14,565)	\$ -	\$ 7,220,000
2016	\$ 178,471,735	5.440	\$ 970,886	\$ (603)	\$ 970,283	\$ (735,000)	\$ (178,350)	\$ (14,555)	\$ 44,595	\$ 6,485,000
2017	\$ 177,947,187	5.460	\$ 971,592	\$ 570	\$ 972,162	\$ (750,000)	\$ (163,650)	\$ (14,882)	\$ 86,973	\$ 5,735,000
2018	\$ 191,319,473	5.460	\$ 1,044,604	\$ (4,221)	\$ 1,040,383	\$ (765,000)	\$ (148,650)	\$ (15,935)	\$ 130,603	\$ 4,970,000
2019	\$ 193,370,882	4.398	\$ 850,445	\$ 129	\$ 850,574	\$ (780,000)	\$ (133,350)	\$ (13,089)	\$ 241,401	\$ 4,190,000
2020	\$ 213,211,049	3.968	\$ 846,022	\$ (650)	\$ 845,372	\$ (795,000)	\$ (117,750)	\$ (13,011)	\$ 85,147	\$ 3,395,000
2021	\$ 215,656,617	3.968	\$ 855,725	\$ (9,058)	\$ 846,667	\$ (810,000)	\$ (101,850)	\$ (13,030)	\$ 6,934	\$ 2,585,000

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
TOP TAXPAYERS WITHIN THE DISTRICT  
December 31, 2021**

<b>Name/Business</b>	<b>Assessed Valuation for 2022 Taxes Levied</b>	<b>% of 2022 Total District Assessed Valuation</b>
LMC Properties Inc	\$ 16,421,788	7.01%
Johns Manville	11,532,080	4.92%
Lockheet Martin Corp	3,749,278	1.60%
Public Service Co Of Colorado	2,411,680	1.03%
Marketplace At Ken Caryl Ltd Liability Co	2,124,072	0.91%
Pavlovsky LLC	1,367,263	0.58%
Public Storage Euro Partnership VI Ltd	1,254,382	0.54%
Continental Divide LLC	1,179,952	0.50%
10268 Centennial LLC	1,163,886	0.50%
Alma D Gianolini Grandchildrens Trust	1,037,040	0.44%
Bizu Ltd LLC	921,765	0.39%
Glory Crest Alpha Limited	803,184	0.34%
Halax LLC	782,391	0.33%
KDD Co LLC	724,478	0.31%
Emery Real Estate Holding Company LLC	683,733	0.29%
Oak Street Investment Grade Net Lease Fund	640,175	0.27%
10639 Bradford LLC	612,567	0.26%
SNH Atl Leased Properties Trust	562,517	0.24%
Realty Income Corporation	535,589	0.23%
Midwest Development & Investment Corp	534,470	0.23%
Star Light Enterprise LLC	496,034	0.21%
Mines Real Estate Investments LLC	472,845	0.20%
280 290 Columbine LLC	455,532	0.19%
MH Partners LLC	401,247	0.17%
FIP Master Funding LLC	394,980	0.17%
	<b>\$ 51,262,928</b>	<b>21.89%</b>

Source: Jefferson County Assessor's Office

**KEN-CARYL RANCH METROPOLITAN DISTRICT  
 ASSESSED VALUATION OF CLASSES OF  
 PROPERTY IN THE DISTRICT  
 December 31, 2021**

<u>Property Class</u>	<u>Assessed Valuation for 2022 Taxes Levied</u>	<u>% of Total Assessed Valuation</u>
Residential	\$ 177,987,238	76.00%
Commercial/Industrial	51,953,175	22.18%
State Assessed (Public Utilities)	2,881,569	1.23%
Vacant Land	1,369,007	0.58%
Total	<u>\$ 234,190,989</u>	<u>100.00%</u>

Source: Jefferson County Assessor's Office