JACOBY FARM METROPOLITAN DISTRICT

WELD COUNTY, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2022

Crady, Puca & Associates
Certified Public Accountants & Consultants

JACOBY FARM METROPOLITAN DISTRICT
WELD COUNTY, COLORADO

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Crady, Puca & Associates
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Jacoby Farm Metropolitan District

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Jacoby Farm Metropolitan 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- 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 Jacoby Farm Metropolitan 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 Jacoby Farm Metropolitan 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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jacoby Farm Metropolitan District's basic financial statements. The individual fund budgetary comparison schedule on page 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Crady, Puca & Associates

Aurora, Colorado
September 18, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JACOBY FARM METROPOLITAN DISTRICT
Statement of Net Position
December 31, 2022

	Total Governmental Activities
Assets:	
Cash and investments	$ 14,973
Accounts receivable homeowners	4,639
Due from county treasurer	943
Property tax receivable	251,940
Prepaids	1,550
Cash and investments - restricted	2,746
Capital assets:	
Non-depreciable	186,760
Depreciable, net	802,461
Total assets	1,266,012
Liabilities:	
Accounts payable and accrued liabilities	2,579
Accrued interest	856,471
Bonds and developer payables:	
Due within one year	-
Due in more than one year	9,805,453
Total liabilities	10,664,503
Deferred inflows of resources:	
Unavailable revenue - prepaid charges	348
Unavailable revenue - property taxes	251,940
Total deferred inflows of resources	252,288
Net position:	
Net investment in capital assets	-
Restricted for emergencies	4,129
Restricted for debt service	2,746
Unrestricted	(9,657,654)
Total net position	$ (9,650,779)

The accompanying notes are an integral part of this financial statement.

JACOBY FARM METROPOLITAN DISTRICT
Statement of Activities
For the Year Ended December 31, 2022

		Total Governmental Activities
Expenditures:		
Governmental activities:		
Audit	$	9,250
Legal		7,267
Insurance		2,765
Treasurer fees		3,362
District management and accounting		26,100
Utilities		12,607
Engineers		5,931
Water assessments		15,848
Landscape and maintenance		49,283
Paying agent fees		4,000
Office and administration		2,069
Depreciation		66,593
Interest on long-term debt		498,586
Total expenditures		703,661
Program Revenues:		
Water fees		52,508
Total program revenues		52,508
Net program expense		(651,153)
General Revenues:		
Property and specific ownership taxes		237,151
Fees and fines		4,295
Interest income		2,778
Development fees		2,110
Total general revenues		246,334
Change in net position		(404,819)
Net position, beginning of year		(9,245,960)
Net position, end of year	$	(9,650,779)

FUND FINANCIAL STATEMENTS

JACOBY FARM METROPOLITAN DISTRICT
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
Assets:			
Cash and investments	$ 14,973	$ -	$ 14,973
Accounts receivable homeowners	4,639	-	4,639
Due from county treasurer	943	-	943
Property tax receivable	66,378	185,562	251,940
Prepaids	1,550	-	1,550
Cash and investments - restricted	-	2,746	2,746
Total assets	$ 88,483	$ 188,308	$ 276,791
Liabilities:			
Accounts payable and accrued liabilities	$ 2,579	$ -	$ 2,579
Total liabilities	2,579	-	2,579
Deferred inflows of resources:			
Unavailable revenue - prepaid charges	348	-	348
Unavailable revenue - property taxes	66,378	185,562	251,940
Total deferred inflows of resources	66,726	185,562	252,288
Fund balance:			
Nonspendable	1,550	-	1,550
Restricted:			
Emergencies	4,129	-	4,129
Debt services	-	2,746	2,746
Unassigned	13,499	-	13,499
Total fund balance	19,178	2,746	21,924
Total liabilities, deferred inflows of resources, and fund balances	$ 88,483	$ 188,308	$ 276,791

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	$ 21,924
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	989,221
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(10,661,924)
Net position of governmental activities	$ (9,650,779)

The accompanying notes are an integral part of this financial statement.

JACOBY FARM METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Property tax	$ 64,946	$ 158,953	$ 223,899
Specific ownership tax	13,252	-	13,252
Water fees	52,508	-	52,508
Fees and fines	4,295	-	4,295
Interest income	514	2,264	2,778
Other income	2,110	-	2,110
Total revenues	137,625	161,217	298,842
Expenditures:			
Current:			
General government:			
Audit	9,250	-	9,250
Legal	7,267	-	7,267
Insurance	2,765	-	2,765
Treasurer fees	975	2,387	3,362
District management and accounting	26,100	-	26,100
Utilities	12,607	-	12,607
Engineers	5,931	-	5,931
Water assessments	15,848	-	15,848
Landscape and maintenance	49,283	-	49,283
Paying agent fees	-	4,000	4,000
Office and administration	1,967	102	2,069
Debt service:			
Interest	-	156,482	156,482
Total expenditures	131,993	162,971	294,964
Net change in fund balance	5,632	(1,754)	3,878
Fund balance, beginning of year	13,546	4,500	18,046
Fund balance, end of year	$ 19,178	$ 2,746	$ 21,924

The accompanying notes are an integral part of this financial statement.

JACOBY FARM METROPOLITAN DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

	Total Governmental Funds
Net change in fund balance of the governmental funds	$ 3,878
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation expenses.	(66,593)
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 the governmental funds.	(342,104)
Change in net position of governmental activities	$ (404,819)

The accompanying notes are an integral part of this financial statement.

JACOBY FARM METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Property tax	$ 64,945	$ 64,946	$ 1
Specific ownership tax	13,434	13,252	(182)
Water fees	51,500	52,508	1,008
Interest income	-	514	514
Fines and fees	-	4,295	4,295
Other income	-	2,110	2,110
Total revenues	129,879	137,625	7,746
Expenditures:			
General government:			
Audit	10,500	9,250	1,250
Legal	7,000	7,267	(267)
Election	2,500	-	2,500
District management and accounting	26,100	26,100	-
Insurance	2,902	2,765	137
Treasurer fees	974	975	(1)
Utilities	11,500	12,607	(1,107)
Engineers	7,500	5,931	1,569
Water assessments	16,364	15,848	516
Landscape and maintenance	40,323	49,283	(8,960)
Office and administration	1,381	1,967	(586)
Total expenditures	127,044	131,993	(4,949)
Net change in fund balance	2,835	5,632	2,797
Fund balance, beginning of year	16,947	13,546	(3,401)
Fund balance, end of year	$ 19,782	$ 19,178	$ (604)

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Jacoby Farm Metropolitan District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was formerly the Windsor Northwest Metropolitan District No. 3 and was established as part of a quad-district structure with the Windsor Northwest Metropolitan Districts Nos. 1, 2 and 4. Originally, the Windsor Northwest Metropolitan Districts were established to provide financing and tax basis for the construction of capital improvements to benefit all four Districts. In 2008, Districts No. 1 and 4 ceased operation and were dissolved. In 2008, District No. 3 became Jacoby Farm Metropolitan District and consists of 122,475 acres known as the Jacoby Farm Subdivision in Weld County, Colorado.

The primary purpose of the District is to finance, operate and maintain the public Improvements, as specifically authorized or in an intergovernmental agreement with the Town of Windsor. The District is governed by a five-member Board of Directors (the "Board") elected by the constituents.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 as defined by GASB.

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

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property and specific ownership taxes and charges for services.

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

The fund financial statements provide information about the government's funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period except for irrigation water fees. Irrigation water fees are recognized when the fee is billed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Debt Service Fund - accounts for collection of certain revenues and payments on debt service or debt issued.

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

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. As of December 31, 2022, the District did not hold any investments required to be reported under fair value.

Receivables

Accounts receivable consist of homeowner water fees and other miscellaneous fees as of December 31, 2022. The District considers all accounts receivable collectible as of December 31, 2022.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of the prepaid item is recorded as an expenditure when consumed rather than when purchased.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, including land, water rights and non-potable water system, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the estimated useful life of 20 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

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 frame. The District has two items that qualify for reporting in this category, unavailable revenue – property taxes and unavailable revenue – prepaid charges. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations

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

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2022, the District has not adopted a policy designating District personnel to determine amounts that may be assigned.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted–net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end. The general fund expenditures exceeded budgeted expenditures by $4,949.

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined 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 also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2022 year-end fund balance in the General Fund for emergencies as required under TABOR totaling $4,129, which is the approximate required reserve for all funds as of December 31, 2022.

On November 2002, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

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

Cash and investments	$	14,973
Cash and investments - restricted		2,746
	$	17,719

The following is a summary of deposits and investments held by the District at December 31, 2022:

Type	Ratings per Standard & Poor's		Total as of December 31, 2022
Deposits with financial institutions		$	13,934
COLOTRUST PLUS+	AAAm		3,785
Total		$	17,719

3. Detailed Notes on the Funds (continued)

Cash Deposits

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

The State Commissioners for banks and financial services are required by state statute to monitor the naming of eligible depositories and reporting the uninsured deposits and assets maintained in collateral pools.

Investments

The District has not adopted a formal investment policy; however, it follows Colorado Revised Statutes (CRS) regarding investments.

At December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

Custodial Credit Risk: At December 31, 2022, all of the District's deposits were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: CRS limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

3. Detailed Notes on the Funds (continued)

Investments (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pool

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 179,260	$ -	$ -	$ 179,260
Water Rights	7,500	-	-	7,500
Total capital assets not being depreciated	186,760	-	-	186,760
Capital assets being depreciated:				
Non-potable water system	1,331,858	-	-	1,331,858
Total capital assets being depreciated	1,331,858	-	-	1,331,858
Less accumulated depreciation for:				
Non-potable water system	(462,804)	(66,593)	-	(529,397)
Total accumulated depreciation	(462,804)	(66,593)	-	(529,397)
Capital assets being depreciated, net	869,054	(66,593)	-	802,461
Capital assets, net	$ 1,055,814	$ (66,593)	$ -	$ 989,221

Depreciation expense of $66,593 was charged to general government.

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds:					
2021 Limited Tax Refunding Bonds	$ 9,750,000	$ -	$ -	$ 9,750,000	$ -
Direct Borrowings and Direct Placements:					
Operating Advances	55,453	-	-	55,453	-
Governmental activities long-term debt	$ 9,805,453	$ -	$ -	$ 9,805,453	$ -

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Limited Tax General Obligation Refunding Bonds, Series 2021

On September 30, 2021, the District issued $9,750,000 of Limited Tax General Obligation Refunding Bonds, Series 2021 ("Series 2021 Bonds"). The Series 2021 Bonds were issued for the purpose of repaying the full amount of the Limited Tax General Obligation Note, Series 2010, repaying the full amount of the Taxable Subordinate Limited Tax General Obligation Note, Series 2018, and funding the costs of issuance. As part of the refunding project, in 2021 the Developer forgave $1,514,182 in principal on the Taxable Subordinate Limited Tax General Obligation Note, Series 2018.

The Series 2021 Bonds bear interest at a rate of 5%, payable annually on each December 15, commencing on December 1, 2022, to the extent that pledged revenue is available, and maturing on December 15, 2046. Accrued unpaid interest will compound annually on each interest payment date.

The Series 2021 Bonds are subject to a mandatory redemption commencing on December 15, 2022 from pledged revenue, if any, on deposit in the bond fund as determined by the Trustee on each November 15. Amounts shall be applied first to interest and then to principal after all interest and accrued interest has been paid.

The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2026, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2021 Bonds are secured by pledged revenue which is defined as (a) property tax revenues derived from the required mill levy net of fees and (b) any other legally available monies which the District determined, in its sole discretion, to credit to the bond fund.

Events of default as defined in the Series 2021 Bonds Indenture are 1) the failure of the District to impose the required mill levy, or apply the pledged revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indentures or bond resolutions, other than as described in the Indentures, and failure to remedy the same after notice thereof pursuant to the indentures, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds.

Failure to pay the principal of or interest on the Series 2021 Bonds when due shall not, of itself, constitute an event of default under the indentures. In addition, the District shall not be required to impose the required mill levy for the payment of the Series 2021 Bonds after December 2050 for collection in December 2051. Remedies available in the event of default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2021 Bonds is not an available remedy for an event of default.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Limited Tax General Obligation Refunding Bonds, Series 2021

As a result of issuance of the Series 2021 Bonds, the refunded bonds are considered to be defeased. This current refunding was undertaken to achieve interest rate savings and effect other economies. The refunding resulted in an economic gain of $813,333 due to the average interest rate of the Series 2021A Bonds being lower than the refunded bonds.

The Series 2021 Bonds are cash flow bonds with a principal amount of $9,750,000 due upon final maturity on December 15, 2046. Due to the uncertainty of the timing of interest and principal payments on the Series 2021 Bonds, no principal and interest payment schedule has been provided. As of December 31, 2022, unpaid interest on the Series 2021 Bonds amounted to $458,988.

Authorized Debt

As of December 31, 2022, the District has total authorized debt of $200,000,000, of which $9,750,000 has been issued, leaving an authorized but unissued balance of $190,250,000. Per the District's Service Plan modification, the District has total authorized debt of $9,900,000, of which $9,750,000 has been issued, leaving an authorized but unissued balance of $150,000.

Advance, Acquisition and Reimbursement Agreement

On September 30, 2013, the District entered into an Advance, Acquisition and Reimbursement Agreement ("AAR Agreement") with Richmond American Homes of Colorado (the "Residential Builder") under which the Residential Builder agreed to construct and complete various public improvements on behalf of the District, and to transfer the completed public improvements to the District or the Town of Windsor. Under the terms of the AAR Agreement, the District was to reimburse the Residential Developer for the Reimbursable Costs, as defined and subject to the terms in the agreement, associated with the acquisition or construction of the various public improvements.

To the extent that the District (i) receives bond proceeds for the acquisition or completion of the public improvements or (ii) has other legally available revenue, the District will, from such available sources, reimburse the Residential Builder all advances together with interest at the rate of 9% per annum. Under the AAR Agreement in 2014, the Residential Builder transferred to the District a non-potable irrigation water system in the amount $1,258,709. The value of the non-potable irrigation water system was established by a cost verification completed by an independent professional engineering firm.

On September 30, 2013, the Residential Builder entered into an agreement with the Company under which the Residential Builder assigned its reimbursement under the AAR Agreement to the Company. All of the advances under the AAR Agreement, the Operating Agreement and any other obligations shall be subordinate to all bonds or other multiple-fiscal year debt and financial obligations and not comprise multiple-fiscal year debt. Principal amounts of $1,258,709 advanced under the AAR were retired upon issuance of the Series 2018 Note. As of December 31, 2022, accrued and unpaid interest amounted to $369,646.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Operating Reimbursement Agreement

On November 6, 2013, the District entered into an Operating Reimbursement Agreement ("Operating Agreement") with the Company under which the Company in its sole and absolute discretion may advance funds to the District for identified funding shortfalls related to the payment of operating, maintenance, and or administrative expenses of the District.

Under the terms of the Operating Agreement, if and to the extent the District has legally available revenue, the District will from such available sources reimburse the Company for all advances together with interest at the rate of 9% per annum.

The Operating Agreement shall terminate on the date the entire advance and any accrued interest has been paid in full or November 5, 2043, whichever date occurs first in time.

During 2018, the District reimbursed the Company $369,376 for operating advances by selling water shares to other entities and by selling Land and Water Shares to the Company in the amount of $227,500. As of December 31, 2022, the balance due, including unpaid interest in the amount of $27,837, was $83,290.

4. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool"). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2022, the Pool has made no distributions nor required additional contributions from the District.

5. Related Parties

All members of the Board of Directors are owners or friends of the Company which is the current developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

The District has entered into various funding agreements with the Company, see Note 3.

6. Commitments

The District entered into an agreement with the Lake Canal Reservoir Company on April 2020 to purchase water for irrigation from June 1, 2020 through the May 31, 2025 with the option to extend the agreement for three five-year terms. The District may purchase up to 21.09 acre-feet (a.f.) of water annually with an annual minimum of 9.85 a.f. at a cost of $689 per a.f. adjusted annually by CPI or a minimum of 4% beginning on June 1, 2021. The costs to the District for water purchased under this contract for the fiscal year ended December 31, 2022 were approximately $15,747 and were charged to operations as incurred.

Estimated future commitments with annual 4% increases are as follows:

For the year ended December 31,		
2023	$	16,301
2024		16,980
2025		4,286
Total	$	37,567

Actual results could vary from estimates based upon usage and CPI adjustments in excess of 4%.

7. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Capital assets of $1,518,618 less accumulated depreciation of $529,397 or a net book value of $989,221 are not financial resources and therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The details of this difference are as follows:

Developer note	$	(55,453)
2021 general obligation bonds		(9,750,000)
Accrued interest on long-term debt		(856,471)
Net adjustment	$	(10,661,924)

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference is due to current year depreciation expense of $(66,593).

Another element of the reconciliation states that "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." The details of this difference is due to interest on long-term debt of ($342,104).

SUPPLEMENTARY INFORMATION

JACOBY FARM METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final
Revenues:				
Property tax	$ 158,953	$ 158,953	$ 158,953	$ -
Interest income	-	-	2,264	2,264
Total revenues	158,953	158,953	161,217	2,264
Expenditures:				
General government:				
Treasurer fees	2,384	2,387	2,387	-
Paying agent fees	4,000	4,000	4,000	-
Office and administration	-	102	102	-
Debt service:				-
Interest	152,569	156,482	156,482	-
Total expenditures	158,953	162,971	162,971	-
Net change in fund balance	-	(4,018)	(1,754)	2,264
Fund balance, beginning of year	4,502	4,502	4,500	(2)
Fund balance, end of year	$ 4,502	$ 484	$ 2,746	$ 2,262

The accompanying notes are an integral part of this financial statement.