

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
Weld County, Colorado


FINANCIAL STATEMENTS
December 31, 2022


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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Murata Farms Residential Metro District

Opinions

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

In our opinion, the 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 Murata Farms Residential Metro 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 the Murata Farms Residential Metro District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Murata Farms Residential Metro 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, 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 Murata Farms Residential Metro 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 Murata Farms Residential Metro 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 the 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 opinion on the basic financial statements is not affected by this missing information.

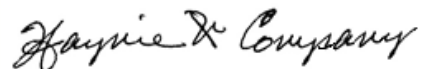
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Murata Farms Residential Metro District's basic financial statements. The supplemental 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the report, as listed in the table of contents. 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.



Littleton, Colorado
May 26, 2023

BASIC FINANCIAL STATEMENTS

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash - unrestricted	\$ 1,250
Investments - restricted	4,961,774
Property taxes receivable	2,582
Capital assets, not being depreciated	3,124,618
Total assets	<u>8,090,224</u>
 LIABILITIES	
Accounts payable	2,243
Accrued interest payable	44,128
Noncurrent liabilities:	
Bonds payable	8,410,000
Developer advances payable	39,831
Total liabilities	<u>8,496,202</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	2,582
Total deferred inflows of resources	<u>2,582</u>
 NET POSITION	
Net investment in capital assets	(323,608)
Restricted for:	
Emergencies	1,100
Unrestricted	(86,052)
Total net position	<u><u>\$ (408,560)</u></u>

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

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 34,642	\$ -	\$ -	\$ -	\$ (34,642)
Interest and expenses on long-term debt	459,894	-	-	-	(459,894)
	<u>\$ 494,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(494,536)</u>
General revenues:					
Miscellaneous					1,250
Interest					84,726
Total general revenues					<u>85,976</u>
Change in net position					(408,560)
Net position - beginning					-
Net position - ending					<u>\$ (408,560)</u>

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

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 1,250	\$ -	\$ -	\$ 1,250
Cash and investments - restricted	-	-	4,961,774	4,961,774
Property taxes receivable	396	2,186	-	2,582
Total assets	\$ 1,646	\$ 2,186	\$ 4,961,774	\$ 4,965,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,243	\$ -	\$ -	\$ 2,243
Total liabilities	2,243	-	-	2,243
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	396	2,186	-	2,582
Total deferred inflows of resources	396	2,186	-	2,582
FUND BALANCES (DEFICIT)				
Restricted:				
Emergency reserves	1,100	-	-	1,100
Capital projects	-	-	4,961,774	4,961,774
Unassigned	(2,093)	-	-	(2,093)
Total fund balances (deficit)	(993)	-	4,961,774	4,960,781
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 1,646	\$ 2,186	\$ 4,961,774	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,124,618
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(8,410,000)
Developer advances payable	(39,831)
Accrued interest on long-term obligations	(44,128)
Net position of governmental activities	\$ (408,560)

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

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Miscellaneous income	\$ 1,250	\$ -	\$ -	\$ 1,250
Interest	-	-	84,726	84,726
Total revenues	<u>1,250</u>	<u>-</u>	<u>84,726</u>	<u>85,976</u>
EXPENDITURES				
<u>General</u>				
Audit	447	-	-	447
District management and accounting	22,138	-	-	22,138
Dues and subscriptions	198	-	-	198
Legal	11,859	-	-	11,859
<u>Debt Service</u>				
Bond issuance costs	-	-	401,943	401,943
Paying agent and cash management fees	-	-	13,823	13,823
<u>Capital Outlay</u>				
Capital outlay	-	-	3,124,618	3,124,618
Total expenditures	<u>34,642</u>	<u>-</u>	<u>3,540,384</u>	<u>3,575,026</u>
EXCESS OF EXPENDITURES OVER REVENUES				
	(33,392)	-	(3,455,658)	(3,489,050)
OTHER FINANCING SOURCES (USES)				
Developer advances	39,831	-	-	39,831
Bond proceeds	-	-	8,410,000	8,410,000
Transfer from (to) other funds	(7,432)	-	7,432	-
Total other financing sources (uses)	<u>32,399</u>	<u>-</u>	<u>8,417,432</u>	<u>8,449,831</u>
NET CHANGES IN FUND BALANCES				
	(993)	-	4,961,774	4,960,781
FUND BALANCES - BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCES - END OF YEAR				
	<u>\$ (993)</u>	<u>\$ -</u>	<u>\$ 4,961,774</u>	<u>\$ 4,960,781</u>

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

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - Total governmental funds	\$ 4,960,781
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond proceeds	(8,410,000)	
Developer advances	<u>(39,831)</u>	(8,449,831)

Governmental funds report capital outlays as expenditures. In the Statement of Activities capital outlay is not reported as an expenditure. This amount represents net capital outlay for the current period:

Capital outlay	3,124,618
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Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in accrued interest on long-term obligations	<u>(44,128)</u>	<u>(44,128)</u>
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Change in net position of governmental activities	<u><u>\$ (408,560)</u></u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Miscellaneous income	\$ -	\$ 1,250	\$ 1,250
Total revenues	<u>-</u>	<u>1,250</u>	<u>1,250</u>
EXPENDITURES			
Audit	1,000	447	553
District management and accounting	17,000	22,138	(5,138)
Dues and subscriptions	500	198	302
Election	1,000	-	1,000
Insurance and bonds	3,000	-	3,000
Legal	17,000	11,859	5,141
Miscellaneous	2,000	-	2,000
Engineer	5,100	-	5,100
Emergency reserve - Tabor 3%	1,400	-	1,400
Total expenditures	<u>48,000</u>	<u>34,642</u>	<u>13,358</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(48,000)</u>	<u>(33,392)</u>	<u>14,608</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	48,000	39,831	(8,169)
Transfer to capital projects fund	-	(7,432)	(7,432)
Total other financing sources (uses)	<u>48,000</u>	<u>32,399</u>	<u>(15,601)</u>
NET CHANGE IN FUND BALANCE	-	(993)	(993)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (993)</u>	<u>\$ (993)</u>

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

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – DEFINITION OF REPORTING ENTITY

Murata Farms Residential Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on November 12, 2021 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within Weld County, Colorado. The District was established to provide various public improvements and services for the benefit of the property owners, residents and other taxpayers in the District.

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

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 District organization nor is the District a component unit of any other primary governmental entity.

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 inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District is 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.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. 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 property and equipment are shown as increases in assets and redemption of bonds and promissory 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. 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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and related expenses on the long-term general obligation debt.

The Capital Projects Fund accounts for financial resources to be used for the construction of certain public improvements, facilities and services.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, 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, 2022, supplementary appropriations approved by the District's Board of Directors modified the appropriation in the Capital Projects Fund from \$5,428,160 to \$5,448,951.

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 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.

Estimates

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

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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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 inflows 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:

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.

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.

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying statement of net position as follows:

Statement of net position:

Cash - unrestricted	\$ 1,250
Investments - restricted	<u>4,961,774</u>
Total cash and investments	<u><u>\$ 4,963,024</u></u>

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

Deposits with financial institutions	\$ 1,250
Investments	<u>4,961,774</u>
Total cash and investments	<u><u>\$ 4,963,024</u></u>

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% 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.

At December 31, 2022, the District’s cash deposits had a bank and carrying balance of \$1,250.

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- * Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	<u>\$ 4,961,774</u>

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

During 2022, the District invested in COLOTRUST PLUS+, one of the three portfolios offered by the Colorado Local Government Liquid Asset Trust (Colostrust). Colostrust is 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 Colostrust. The COLOTRUST PLUS+ fund operates similarly to a money market fund. COLOTRUST PLUS+ may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colostrust investment portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colostrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust.

As of December 31, 2022, the District had \$4,961,774 invested in COLOTRUST PLUS+ in the name of the District. Colostrust is rated AAAM by S&P Global Ratings.

Investments of \$4,961,774 are restricted in the Capital Projects Fund for financing the District's capital projects.

Investment Valuation

Certain investments 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.

The District's investments are not required to be categorized within the fair value hierarchy. These 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 District held investments in Colostrust at year end for which the investment valuations were determined as follows.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Colotrust determines the NAV of the shares of COLOTRUST PLUS+ as of the close of business on each day. The NAV per share is computed by dividing the total value of the securities and other assets of the portfolio, less any liabilities, by the total outstanding shares of the portfolio. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of COLOTRUST+ to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST PLUS+ and there can be no assurance that the NAV will not vary from \$1.00 per share. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption period.

NOTE 4 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance at December 31, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2022</u>
Capital assets, not being depreciated:				
Public improvements	\$ -	\$ 3,124,618	\$ -	\$ 3,124,618
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$ 3,124,618</u>	<u>\$ -</u>	<u>\$ 3,124,618</u>

NOTE 5 – LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2021</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance at December 31, 2022</u>	<u>Due Within One Year</u>
<i>Bonded debt</i>					
G.O. Bonds, Series 2022(3)	\$ -	\$ 8,410,000	\$ -	\$ 8,410,000	\$ -
Total bonded debt	<u>\$ -</u>	<u>\$ 8,410,000</u>	<u>\$ -</u>	<u>\$ 8,410,000</u>	<u>\$ -</u>
<i>Other long-term liabilities</i>					
Developer advances					
Operations and maintenance	\$ -	\$ 39,831	\$ -	\$ 39,831	\$ -
Total other long-term liabilities	<u>\$ -</u>	<u>\$ 39,831</u>	<u>\$ -</u>	<u>\$ 39,831</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ 8,449,831</u>	<u>\$ -</u>	<u>\$ 8,449,831</u>	<u>\$ -</u>

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

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

General Obligation Limited Tax Bonds, Series 2022(3)

On March 15, 2022, the District issued General Obligation Limited Tax Bonds, Series 2022(3) (Series 2022(3) Bonds) in the principal amount of \$8,410,000. The Series 2022(3) Bonds were issued for the purpose of: (i) funding the costs of public improvements for the District and (ii) paying the costs of issuing the Series 2022(3) Bonds.

The Series 2022(3) Bonds bear interest of 6.125% with interest payable semi-annually on June 1 and December 1 and principal due annually on December 1. The payment of principal on the Series 2022(3) Bonds begins on December 1, 2040.

The Series 2022(3) Bonds and bond interest are secured by and payable solely from pledged revenue, which includes property taxes derived from the required mill levy, net of the costs of collection, specific ownership taxes, capital fees, revenue derived from Murata Farms Commercial Metropolitan District pursuant to the Capital Pledge Agreement and any other legally available moneys of the District transferred to the bond fund as pledged revenues.

The required mill levy each year must generate an amount sufficient to fund the bond fund for the relevant bond year and pay the Series 2022(3) Bonds as they come due, but not in excess of 55.277 mills (subject to increases or decreases as a result of constitutional or legislative imposed adjustments).

The Series 2022(3) Bonds mature on December 1, 2051. The Series 2022(3) Bonds are subject to redemption prior to maturity beginning March 1, 2027, 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, at the redemption price of 103% prior to February 28, 2028, 102% prior to February 29, 2029, 101% prior to February 28, 2030 and 100% on and after March 1, 2030, together with interest accrued and unpaid thereon to the date fixed for redemption.

Significant events of default under the Series 2022(3) Bonds include (i) failure to impose the required mill levy or to apply pledged revenue as required, (ii) failure to meet financial performance of the covenants, agreements or conditions and failure to remedy the same after notice, (iii) representation or warranty made proves to have been untrue or incomplete and (iv) filing of a petition for bankruptcy or insolvency.

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2022(3) Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 515,112	\$ 515,112
2024	-	515,113	515,113
2025	-	515,112	515,112
2026	-	515,113	515,113
2027	-	515,112	515,112
2028-2032	-	2,575,563	2,575,563
2033-2037	-	2,575,562	2,575,562
2038-2042	1,028,000	3,563,015	4,591,015
2043-2047	3,314,000	5,210,484	8,524,484
2048-2051	4,068,000	4,714,555	8,782,555
	<u>\$ 8,410,000</u>	<u>\$ 21,214,741</u>	<u>\$ 29,624,741</u>

Advance and Reimbursement Agreement for Operation and Maintenance Costs By and Between Murata Farms Residential Metropolitan District and Aspen View Homes, LLC

The District and Aspen View Homes, LLC (Developer) entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs dated March 15, 2022 (O&M Agreement) to establish the terms and conditions pursuant to which the Developer would make advances for operations and maintenance costs to the District and the District would reimburse the Developer for such advances. Under the O&M Agreement, the District is required to reimburse the Developer for advances with interest at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations, capital improvements and debt service costs and expenses of the District. Amounts payable under the O&M Agreement are subordinate to any bonded indebtedness of the District. As of December 31, 2022, there was \$39,831 in principal and \$1,202 in accrued and unpaid interest outstanding under the O&M Agreement.

Infrastructure Acquisition Agreement By and Between Murata Farms Residential Metropolitan District and CW- Murata, LLC

The District and CW-Murata, LLC entered into an Infrastructure Acquisition Agreement dated March 15, 2022 (2022 CW-Murata Agreement) to establish the terms and conditions for reimbursement by the District to CW-Murata, LLC for the costs of design and construction of certain improvements constructed by CW-Murata, LLC on behalf of and for the benefit of the District. Interest on unpaid advances accrues at a rate of seven percent (7%) per annum.

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations and maintenance or debt service and expenses of the District. There are no outstanding amounts due under the 2022 CW-Murata Agreement as of December 31, 2022.

Infrastructure Acquisition Agreement By and Between Murata Farms Residential Metropolitan District and Aspen View Homes, LLC

The District and the Developer entered into an Infrastructure Acquisition Agreement dated March 15, 2022 (2022 Aspen View Agreement) to establish the terms and conditions for reimbursement by the District to the Developer for the costs of design and construction of certain improvements constructed by the Developer on behalf of and for the benefit of the District. Interest on unpaid advances accrues at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations and maintenance or debt service and expenses of the District. There are no outstanding amounts due under the 2022 Aspen View Agreement as of December 31, 2022.

Capital Pledge Agreement

The District and Murata Farms Commercial Metropolitan District entered into a Capital Pledge Agreement dated March 15, 2022 (Capital Pledge Agreement) to establish the terms and conditions that pledged revenue derived from the taxable property of Murata Farms Commercial Metropolitan District and other revenue received will be used in combination with the District for the debt service on the Series 2022(3) Bonds.

The pledged district capital revenues are derived by Murata Farms Commercial Metropolitan District from the mandatory capital levy, the portion of the specific ownership tax and any PILOT revenues received. The required mill levy each year in the amount of 25 mills or such lesser mill levy which will be sufficient to pay all of the principal of and interest on the 2022(3) Bonds.

Debt Authorization

As of December 31, 2022, the District has authorized but unissued indebtedness of \$245,361,200. The District has not budgeted to issue any new debt during 2023.

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 6 – FUND EQUITY

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,100 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 9).

The restricted fund balance in Capital Projects Fund in the amount of \$4,961,774 is to be used exclusively for capital projects.

Unassigned Fund Balance

The District anticipates that the deficit unassigned fund balance in the amount of \$2,093 will be eliminated with developer advances.

NOTE 7 – NET POSITION

The District’s net position consists of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. As of December 31, 2022, the District had a net deficit in their investment in capital assets of \$323,608.

The restricted portion of the net position include amounts that are restricted either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position at December 31, 2022 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 9)	\$ 1,100
	\$ 1,100

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

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability 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 9 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

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

SUPPLEMENTAL INFORMATION

MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 2,500	\$ 40,000	\$ 84,726	\$ 44,726
Total revenues	<u>2,500</u>	<u>40,000</u>	<u>84,726</u>	<u>44,726</u>
EXPENDITURES				
<u>Debt service</u>				
Bond issuance costs	422,160	401,943	401,943	-
Paying agent and cash management fees	6,000	13,500	13,823	(323)
<u>Capital outlay</u>				
Capital outlay	5,000,000	5,033,508	3,124,618	1,908,890
Total expenditures	<u>5,428,160</u>	<u>5,448,951</u>	<u>3,540,384</u>	<u>1,908,567</u>
EXCESS OF EXPENDITURES OVER REVENUES				
	<u>(5,425,660)</u>	<u>(5,408,951)</u>	<u>(3,455,658)</u>	<u>1,953,293</u>
OTHER FINANCING SOURCES				
Bond proceeds	9,000,000	8,410,000	8,410,000	-
Transfer from general fund	-	7,432	7,432	-
Total other financing sources	<u>9,000,000</u>	<u>8,417,432</u>	<u>8,417,432</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,574,340	3,008,481	4,961,774	1,953,293
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,574,340</u>	<u>\$ 3,008,481</u>	<u>\$ 4,961,774</u>	<u>\$ 1,953,293</u>

OTHER INFORMATION

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

December 31, 2022

\$8,410,000

General Obligation Limited Tax Bonds

Series 2022(3)

Dated March 15, 2022

Interest Rate 6.125%

Interest payable June 1 and December 1; Principal due December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 515,112	\$ 515,112
2024	-	515,113	515,113
2025	-	515,112	515,112
2026	-	515,113	515,113
2027	-	515,112	515,112
2028	-	515,113	515,113
2029	-	515,112	515,112
2030	-	515,113	515,113
2031	-	515,112	515,112
2032	-	515,113	515,113
2033	-	515,112	515,112
2034	-	515,113	515,113
2035	-	515,112	515,112
2036	-	515,113	515,113
2037	-	515,112	515,112
2038	-	515,113	515,113
2039	-	515,112	515,112
2040	125,000	640,113	765,113
2041	412,000	919,456	1,331,456
2042	491,000	973,221	1,464,221
2043	520,000	972,148	1,492,148
2044	609,000	1,029,298	1,638,298
2045	647,000	1,029,996	1,676,996
2046	746,000	1,089,367	1,835,367
2047	792,000	1,089,675	1,881,675
2048	904,000	1,153,165	2,057,165
2049	959,000	1,152,795	2,111,795
2050	1,086,000	1,221,056	2,307,056
2051	1,119,000	1,187,539	2,306,539
	<u>\$ 8,410,000</u>	<u>\$ 21,214,741</u>	<u>\$ 29,624,741</u>

**MURATA FARMS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2022**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2022	\$ -	0.000	\$ -	\$ -	0.00%
Estimated for the year ending December 31, 2023	\$ 39,550	65.277	\$ 2,582		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.