

**HARVEST JUNCTION METROPOLITAN DISTRICT
Boulder County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harvest Junction Metropolitan District
Boulder County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Harvest Junction Metropolitan District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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 District, as of December 31, 2023, and the respective changes in financial position and the 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 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Duzzio & Associates, P.C.

September 6, 2024

BASIC FINANCIAL STATEMENTS

**HARVEST JUNCTION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 749,992
Cash and Investments - Restricted	462,103
Receivable from County Treasurer	3,624
Prepaid Insurance	595
Property Tax Receivable	842,446
Total Assets	2,058,760
LIABILITIES	
Accounts Payable	8,569
Accrued Interest	29,738
Noncurrent Liabilities:	
Due Within One Year	350,000
Due in More Than One Year	6,496,383
Total Liabilities	6,884,690
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	842,446
Total Deferred Inflows of Resources	842,446
NET POSITION	
Restricted for:	
Emergency Reserve	6,400
Debt Service	429,586
Unassigned	(6,104,362)
Total Net Position	\$ (5,668,376)

See accompanying Notes to Basic Financial Statements.

**HARVEST JUNCTION METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 83,356	\$ -	\$ -	\$ -
Interest on Long-Term Debt and Related Costs	<u>386,942</u>	<u>-</u>	<u>-</u>	<u>(83,356)</u>
Total Governmental Activities	<u>\$ 470,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(470,298)</u>
GENERAL REVENUES				
Property Taxes				846,064
Specific Ownership Taxes				40,569
Interest Income				75,057
Total General Revenues and Transfers				<u>961,690</u>
CHANGES IN NET POSITION				
Net Position - Beginning of Year				491,392
				<u>(6,159,768)</u>
NET POSITION - END OF YEAR				<u>\$ (5,668,376)</u>

See accompanying Notes to Basic Financial Statements.

**HARVEST JUNCTION METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 749,992	\$ -	\$ 749,992
Cash and Investments - Restricted	6,400	455,703	462,103
Receivable from County Treasurer	4	3,620	3,624
Prepaid Insurance	595	-	595
Property Tax Receivable	217,874	624,572	842,446
Total Assets	\$ 974,865	\$ 1,083,895	\$ 2,058,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 8,569	\$ -	\$ 8,569
Total Liabilities	8,569	-	8,569
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	217,874	624,572	842,446
Total Deferred Inflows of Resources	217,874	624,572	842,446
FUND BALANCES			
Nonspendable:			
Prepaid Expense	595	-	595
Restricted for:			
Emergency Reserves	6,400	-	6,400
Debt Service	-	459,323	459,323
Unassigned	741,427	-	741,427
Total Fund Balances	748,422	459,323	1,207,745
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 974,865	\$ 1,083,895	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued Interest			(29,738)
Unamortized Bond Discount			23,617
Bonds Payable			(6,870,000)
Net Position of Governmental Activities			\$ (5,668,376)

See accompanying Notes to Basic Financial Statements.

**HARVEST JUNCTION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 177,674	\$ 668,390	\$ 846,064
Specific Ownership Taxes	-	40,569	40,569
Interest Income	34,252	40,805	75,057
Total Revenues	<u>211,926</u>	<u>749,764</u>	<u>961,690</u>
EXPENDITURES			
Current:			
Accounting	20,136	-	20,136
Auditing	5,100	-	5,100
Contingency	-	945	945
County Treasurer's Fee	2,666	10,032	12,698
District Management	27,500	-	27,500
Dues And Membership	329	-	329
Election	2,226	-	2,226
Insurance	2,571	-	2,571
Legal	21,694	-	21,694
Miscellaneous	189	-	189
Debt Service:			
Bond Interest	-	373,354	373,354
Bond Principal	-	330,000	330,000
Paying Agent Fees	-	2,000	2,000
Total Expenditures	<u>82,411</u>	<u>716,331</u>	<u>798,742</u>
NET CHANGE IN FUND BALANCES	129,515	33,433	162,948
Fund Balances - Beginning of Year	<u>618,907</u>	<u>425,890</u>	<u>1,044,797</u>
FUND BALANCES - END OF YEAR	<u>\$ 748,422</u>	<u>\$ 459,323</u>	<u>\$ 1,207,745</u>

See accompanying Notes to Basic Financial Statements.

**HARVEST JUNCTION METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	162,948
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal Payment		330,000
Amortization of Bond Discount		(2,931)

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.

Accrued Interest Payable - Change in Liability		<u>1,375</u>
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Changes in Net Position of Governmental Activities	\$	<u><u>491,392</u></u>
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**HARVEST JUNCTION METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 178,225	\$ 178,225	\$ 177,674	\$ (551)
Interest Income	14,000	30,000	34,252	4,252
Total Revenues	<u>192,225</u>	<u>208,225</u>	<u>211,926</u>	<u>3,701</u>
EXPENDITURES				
Accounting	21,000	21,800	20,136	1,664
Auditing	5,250	5,100	5,100	-
Contingency	4,924	50,408	-	50,408
County Treasurer's Fee	2,673	2,673	2,666	7
District Management	27,500	27,500	27,500	-
Dues And Membership	750	329	329	-
Election	1,200	2,500	2,226	274
Insurance	2,700	2,571	2,571	-
Legal	14,500	21,000	21,694	(694)
Miscellaneous	500	119	189	(70)
Total Expenditures	<u>80,997</u>	<u>134,000</u>	<u>82,411</u>	<u>51,589</u>
NET CHANGE IN FUND BALANCE	111,228	74,225	129,515	55,290
Fund Balance - Beginning of Year	<u>635,519</u>	<u>618,907</u>	<u>618,907</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 746,747</u>	<u>\$ 693,132</u>	<u>\$ 748,422</u>	<u>\$ 55,290</u>

See accompanying Notes to Basic Financial Statements.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Harvest Junction Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Order and Decree of the District Court for Boulder County in November 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Longmont, Boulder County, Colorado. The District was established to provide financing for the design, acquisition, installation, and construction of water, sanitation, streets, safety protection, park and recreation facilities, and mosquito control.

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's primary purpose is to maintain storm drainage ponds and repay its outstanding debt. Subsequent to December 31, 2023, on July 16, 2024, the District accepted ownership and maintenance responsibilities of a storm drainage pond described as Outlot D, Harvest Junction, North. Outlot D has a nominal value, and no capital asset was recorded.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows 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. 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, if any, is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses 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.

The District amended its annual budget for the year ended December 31, 2023.

Pooled Cash and Investments

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

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amortization

Original Issue Discount

In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 749,992
Cash and Investments - Restricted	462,103
Total Cash and Investments	<u>\$ 1,212,095</u>

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

Deposits with Financial Institutions	\$ 5,690
Investments	1,206,405
Total Cash and Investments	<u>\$ 1,212,095</u>

Deposits with Financial Institutions

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 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.

On December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$5,690.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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.

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

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 1,206,405</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CORE, a variable net asset value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The District’s outstanding long-term obligations on December 31, 2023, were as follows:

	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
Bonds Payable:					
General Obligation Bonds					
G.O Refunding and Improvement					
Bonds Series 2012	\$ 7,200,000	\$ -	\$ 330,000	\$ 6,870,000	\$ 350,000
Subtotal Bonds Payable	<u>7,200,000</u>	<u>-</u>	<u>330,000</u>	<u>6,870,000</u>	<u>350,000</u>
Bond Premium/ (Discount):					
G.O Refunding and Improvement					
Bonds Series 2012	(26,548)	-	2,931	(23,617)	-
Subtotal Bond Premium / (Discount)	<u>(26,548)</u>	<u>-</u>	<u>2,931</u>	<u>(23,617)</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$ 7,173,452</u>	 <u>\$ -</u>	 <u>\$ 327,069</u>	 <u>\$ 6,846,383</u>	 <u>\$ 350,000</u>

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG – TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

\$8,100,000 General Obligation Refunding and Improvement Bonds, Series 2012, Dated July 2, 2012

On July 2, 2012, the District issued \$8,100,000 in General Obligation Refunding and Improvement Bonds to: 1) finance a portion of the costs of certain facilities, 2) current refund the District's outstanding Series 2006 Bonds; and 3) pay the costs of issuance of the 2012 bonds. The bonds consist of term bonds issued in the amounts of \$4,070,000, due December 1, 2030, \$1,005,000 due December 1, 2032, \$3,025,000 due December 1, 2037, with mandatory redemption principal payments starting at \$285,000 on December 1, 2020, and increasing annually thereafter. Interest of 5.000% for the 2030 term; 5.200% for the 2032 term; 5.375% for the 2037 term is payable semi-annually on June 1 and December 1 of each year.

The Bonds are subject to redemption prior to maturity, at the option of the District, on any date on or after December 1, 2022, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date, if any, without premium.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue.

The Bonds are also secured by amounts held by the Trustee in the Surplus Fund. Until such time as the Debt to Assessed Ratio is 30% or less, the amount on deposit in the Surplus Fund shall be equal to at least \$300,000. The balance in the Surplus Fund on December 31, 2023, is \$438,285.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable and to make up any deficiencies in the Surplus Fund.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG – TERM OBLIGATIONS (CONTINUED)

\$8,100,000 General Obligation Refunding and Improvement Bonds, Series 2012, Dated July 2, 2012 (Continued)

Events of default under the Series 2012 Bonds are as follows:

- (a) failure to pay the principal of, premium (if any) or interest on any Senior Bonds when due and payable.
- (b) an Act of Bankruptcy of the District.
- (c) failure to observe and perform any covenant, condition, agreement or provision contained in the Senior Bonds.

The annual obligations related to the long-term debt and maturity are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 350,000	\$ 356,854	\$ 706,854
2025	365,000	339,354	704,354
2026	385,000	321,104	706,104
2027	405,000	301,854	706,854
2028	425,000	281,604	706,604
2029-2033	2,460,000	1,065,280	3,525,280
2034-2037	2,480,000	342,120	2,822,120
Total	<u>\$ 6,870,000</u>	<u>\$ 3,008,170</u>	<u>\$ 9,878,170</u>

Authorized Debt

On November 1, 2005, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$39,100,000 at an interest rate not to exceed 18% per annum.

	<u>Authorized November 1, 2005 Election</u>	<u>Authorized November 4, 2014 Election</u>	<u>Authorization Used</u>	<u>Authorization Remaining</u>
Street Improvement, Traffic, and Safety Controls	\$ 5,500,000	\$ 13,000,000	\$ 4,834,263	\$ 13,665,737
Water Supply System	1,500,000	13,000,000	1,500,000	13,000,000
Storm and Sanitary System	5,100,000	13,000,000	3,115,737	14,984,263
Parks and Recreation Facilities	800,000	13,000,000	-	13,800,000
Mosquito Control	100,000	13,000,000	-	13,100,000
District Debt Obligations	13,000,000	-	-	13,000,000
Intergovernmental Agreements	13,000,000	13,000,000	-	26,000,000
Refunding	-	13,000,000	7,900,000	5,100,000
Operation and Maintenance	100,000	13,000,000	-	13,100,000
Total	<u>\$ 39,100,000</u>	<u>\$ 104,000,000</u>	<u>\$ 17,350,000</u>	<u>\$ 125,750,000</u>

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG – TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Per the Service Plan, the District is limited to issuing \$13,000,000 in debt, not including refundings. The Second Amendment to the Service Plan states that the mill levy for debt service and operations and maintenance the District is permitted to impose is unlimited. It is estimated that a total mill levy of 30 mills will produce revenue sufficient for the repayment of bonds or other obligations and operations and maintenance expenses.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area.

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 6,400
Debt Service Reserve	429,586
Total Restricted Net Position	\$ 435,986

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

NOTE 6 RELATED PARTY

During 2023, two members of the Board of Directors were owners, employees, or are otherwise associated with Panattoni Development Co., Inc. (Developer). Therefore, they may have conflicts of interest with respect to certain transactions that come before the Board.

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 RELATED PARTY (CONTINUED)

The District had an agreement with the Developer to provide management services. During 2023, The District paid the Developer \$27,500 for management services.

On July 16, 2024, this agreement was terminated, and a new management agreement was entered into with RE Plus Harvest Junction KP LLP (Property Owner / Retail Center Owner). The remaining members of the Board of Directors are not associated with the Property Owner / Retail Center Owner.

NOTE 7 AGREEMENTS

On January 20, 2006, the District entered into an Advance and Reimbursement Agreement for construction, maintenance, and operation costs with the Developer which was amended on August 15, 2008. Under the terms of this agreement, the Developer agreed to provide advances to the District for the purpose of funding construction, operations, and maintenance costs of the District. The District will reimburse the Developer for the advances subject to annual appropriation, when and if monies become available to do so plus accrued interest at the rate of 7% calculated from the date of original receipt per the amended agreement. There are currently no amounts outstanding related to the Advance and Reimbursement Agreement. The agreement was terminated on July 16, 2024.

NOTE 8 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the 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 the past fiscal year.

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

**HARVEST JUNCTION METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

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

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

On November 1, 2005, District voters passed an election question to increase property taxes \$100,000 annually to pay the District's operational and maintenance costs, without regard to any limitations under TABOR.

On November 4, 2014, District voters passed an election question to increase property taxes \$1,000,000 annually to pay the District's operational and maintenance costs, without regard to any limitations under TABOR.

The District's management believes it is in compliance with 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 require judicial interpretation.

SUPPLEMENTARY INFORMATION

**HARVEST JUNCTION METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 670,466	\$ 668,390	\$ (2,076)
Specific Ownership Taxes	33,948	40,569	6,621
Interest Income	15,000	40,805	25,805
Total Revenues	<u>719,414</u>	<u>749,764</u>	<u>30,350</u>
EXPENDITURES			
County Treasurer's Fee	10,057	10,032	25
Paying Agent Fees	3,000	2,000	1,000
Bond Interest	373,354	373,354	-
Bond Principal	330,000	330,000	-
Contingency	2,579	945	1,634
Total Expenditures	<u>718,990</u>	<u>716,331</u>	<u>2,659</u>
NET CHANGE IN FUND BALANCE	424	33,433	33,009
Fund Balance - Beginning of Year	<u>472,260</u>	<u>425,890</u>	<u>(46,370)</u>
FUND BALANCE - END OF YEAR	<u>\$ 472,684</u>	<u>\$ 459,323</u>	<u>\$ (13,361)</u>

OTHER INFORMATION

**HARVEST JUNCTION METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$8,100,000 General Obligation Refunding and Improvement Bonds
Series 2012, Dated July 2, 2012
Principal Due December 1
Interest at 5.0% to 5.375%,
Payable June 1 and December 1

Maturing in Year Ending December 31,	Principal	Interest	Total
2024	\$ 350,000	\$ 356,854	\$ 706,854
2025	365,000	339,354	704,354
2026	385,000	321,104	706,104
2027	405,000	301,854	706,854
2028	425,000	281,604	706,604
2029	445,000	260,354	705,354
2030	465,000	238,104	703,104
2031	490,000	214,854	704,854
2032	515,000	189,374	704,374
2033	545,000	162,594	707,594
2034	570,000	133,300	703,300
2035	605,000	102,663	707,663
2036	635,000	70,144	705,144
2037	670,000	36,013	706,013
Total	<u>\$ 6,870,000</u>	<u>\$ 3,008,170</u>	<u>\$ 9,878,170</u>

**HARVEST JUNCTION METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

<u>Year Ending December 31,</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>Total Mills Levied</u>			<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>General Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2018/2019	\$ 33,453,504	0.0%	7.000	18.000	25.000	\$ 836,338	\$ 817,671	97.77 %
2019/2020	33,736,453	0.8%	5.250	19.750	25.000	843,411	732,526	86.85 %
2020/2021	34,791,879	3.1%	5.250	19.750	25.000	869,797	806,146	92.68 %
2021/2022	34,750,622	-0.1%	5.250	19.750	25.000	868,766	800,511	92.14 %
2022/2023	33,947,655	-2.3%	5.250	19.750	25.000	848,691	846,064	99.69 %
Estimated for Year Ending December 31, 2024	\$ 41,499,807	22.2%	5.250	15.050	20.300	\$ 842,446		

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

**HARVEST JUNCTION METROPOLITAN DISTRICT
SCHEDULE OF TEN LARGEST TAXPAYERS WITHIN THE DISTRICT AND
SCHEDULE OF ASSESSED VALUATION BY PROPERTY CLASS
DECEMBER 31, 2023**

Taxpayers Name	2023 Assessed Valuation	Percent of Total Assessed Valuation ⁽¹⁾
RE Plus Harvest Junction KP LLC	\$ 19,809,000	47.73 %
Longmont Harvest Junction Hospitality LLC	3,906,000	9.41
Lowe's HIW Inc.	3,389,850	8.17
Guardian Storage Longmont LLC	2,586,986	6.23
Lowe's Home Centers LLC	1,698,392	4.09
FSC BPS Longmont CO LLC	1,108,886	2.67
GEN III Enterprises LLC	779,303	1.88
Realty Trust Group Inc	761,503	1.83
SFP-E LLC	722,443	1.74
Adams Bank & Trust	628,530	1.51
Total	<u>\$ 35,390,893</u>	<u>85.28 %</u>

⁽¹⁾ Based on a 2023 assessed valuation of \$41,449,807.

2023 Assessed Valuation by Class of Property in the District

Class	2023 Assessed Valuation	Percent of Total Assessed Valuation
Commercial	\$ 39,956,140	96.28 %
Industrial	1,153,567	2.78
Vacant	329,958	0.80
State Assessed	60,142	0.14
Total	<u>\$ 41,499,807</u>	<u>100.00 %</u>