

**RIVERDALE PEAKS II
METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | I |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide financial statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds | 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | 6 |
| Statement of Net Position – Proprietary Fund | 7 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund | 8 |
| Statement of Cash Flows – Proprietary Fund | 9 |
| Notes to Financial Statements | 10 |
| SUPPLEMENTAL INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Debt Service Fund | 24 |
| Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual Enterprise Fund | 25 |
| OTHER INFORMATION | |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected | 26 |
| Schedule of Debt Service Requirements to Maturity | 27 |



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Independent Auditor's Report

Board of Directors
Riverdale Peaks II Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Riverdale Peaks II Metropolitan District (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, the business-type activities, and each major fund of Riverdale Peaks II Metropolitan District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows, 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the management's discussion and analysis that governmental 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.

Prior-Year Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities and each major fund in our report dated July 11, 2023. In our opinion, the summarized comparative information presented herein for the proprietary fund as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
August 29, 2024

BASIC FINANCIAL STATEMENTS

RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments - unrestricted | \$ 637,916 | \$ 102,397 | \$ 740,313 |
| Cash and investments - restricted | 55,696 | - | 55,696 |
| Prepaid expenses | 10,949 | - | 10,949 |
| Receivable - County Treasurer | 1,852 | - | 1,852 |
| Accounts receivable - customers | - | 9,077 | 9,077 |
| Property taxes receivable | 424,304 | - | 424,304 |
| Capital assets, not being depreciated | 720,888 | - | 720,888 |
| Capital assets, net of depreciation | 1,656,934 | 8,280 | 1,665,214 |
| Total assets | <u>3,508,539</u> | <u>119,754</u> | <u>3,628,293</u> |
| LIABILITIES | | | |
| Accounts payable | 1,213 | 7,957 | 9,170 |
| Accrued interest payable | 12,951 | - | 12,951 |
| Noncurrent liabilities: | | | |
| Due within one year | 795,000 | - | 795,000 |
| Due in more than one year | 6,433,553 | 237,740 | 6,671,293 |
| Total liabilities | <u>7,242,717</u> | <u>245,697</u> | <u>7,488,414</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property tax revenue | | | |
| Total deferred inflows of resources | <u>424,304</u> | <u>-</u> | <u>424,304</u> |
| | <u>424,304</u> | <u>-</u> | <u>424,304</u> |
| NET POSITION | | | |
| Net investment in capital assets | (1,838,632) | 8,280 | (1,830,352) |
| Restricted for: | | | |
| Emergencies | 5,200 | - | 5,200 |
| Unrestricted | (2,325,050) | (134,223) | (2,459,273) |
| Total net position | <u>\$ (4,158,482)</u> | <u>\$ (125,943)</u> | <u>\$ (4,284,425)</u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|---|-------------------|-------------------------------------|---|---|--|-------------------------------------|-----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 132,705 | \$ - | \$ - | \$ - | \$ (132,705) | \$ - | \$ (132,705) |
| Interest and related costs on long-term debt | 362,178 | - | - | - | (362,178) | - | (362,178) |
| Total governmental activities | <u>494,883</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(494,883)</u> | <u>-</u> | <u>(494,883)</u> |
| Business-type activities: | | | | | | | |
| Water operations | 88,597 | 93,851 | - | - | - | 5,254 | 5,254 |
| Interprise and related costs on long-term debt | 8,031 | - | - | - | - | (8,031) | (8,031) |
| Total business-type activities | <u>96,628</u> | <u>93,851</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,777)</u> | <u>(2,777)</u> |
| Total primary government | <u>\$ 591,511</u> | <u>\$ 93,851</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(494,883)</u> | <u>(2,777)</u> | <u>(497,660)</u> |
| | | | | | | | |
| | | General revenues: | | | | | |
| | | Taxes: | | | | | |
| | | | | | 328,160 | - | 328,160 |
| | | | | | 22,477 | - | 22,477 |
| | | | | | 35,338 | - | 35,338 |
| | | | | | 1,935 | - | 1,935 |
| | | | | | <u>387,910</u> | <u>-</u> | <u>387,910</u> |
| | | | | | (106,973) | (2,777) | (109,750) |
| | | | | | (4,051,509) | (123,166) | (4,174,675) |
| | | | | | <u>\$ (4,158,482)</u> | <u>\$ (125,943)</u> | <u>\$ (4,284,425)</u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

| | General | Debt Service | Total Governmental Funds |
|---|-------------------|-------------------------|---|
| ASSETS | | | |
| Cash and investments - unrestricted | \$ 637,916 | \$ - | \$ 637,916 |
| Cash and investments - restricted | - | 55,696 | 55,696 |
| Prepaid expenditures | 10,949 | - | 10,949 |
| Cash with County Treasurer | 733 | 1,119 | 1,852 |
| Property tax receivable | 159,070 | 265,234 | 424,304 |
| TOTAL ASSETS | \$ 808,668 | \$ 322,049 | \$ 1,130,717 |
| LIABILITIES | | | |
| Accounts payable | \$ 1,213 | \$ - | \$ 1,213 |
| Total liabilities | 1,213 | - | 1,213 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property tax revenue | 159,070 | 265,234 | 424,304 |
| Total deferred inflows of resources | 159,070 | 265,234 | 424,304 |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Prepaid expenditures | 10,949 | - | 10,949 |
| Spendable | | | |
| Restricted for emergencies | 5,200 | - | 5,200 |
| Restricted for debt service | - | 56,815 | 56,815 |
| Unassigned | 632,236 | - | 632,236 |
| Total fund balances | 648,385 | 56,815 | 705,200 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 808,668 | \$ 322,049 | |

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

| | |
|---|-----------------------|
| Some long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds. | |
| Capital assets | 2,377,822 |
| | |
| Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds. | |
| General obligation bonds payable | (3,065,000) |
| Accrued interest payable on general obligation bonds | (12,951) |
| Unpaid accrued interest payable on general obligation bonds | (920,784) |
| Developer advances payable and accrued interest thereon | (3,242,769) |
| Net position of governmental activities | \$ (4,158,482) |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023**

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|-------------------|-------------------------|---|
| REVENUES | | | |
| Property tax | \$ 129,882 | \$ 198,278 | \$ 328,160 |
| Specific ownership tax | 8,896 | 13,581 | 22,477 |
| Net investment income | 29,467 | 5,871 | 35,338 |
| Other | 1,935 | - | 1,935 |
| Total revenues | <u>170,180</u> | <u>217,730</u> | <u>387,910</u> |
| EXPENDITURES | | | |
| Current | | | |
| Management fees | 5,303 | - | 5,303 |
| Accounting | 8,207 | - | 8,207 |
| Audit | 4,400 | - | 4,400 |
| Legal | 2,431 | - | 2,431 |
| Insurance and bonds | 10,629 | - | 10,629 |
| Election | 1,380 | - | 1,380 |
| County Treasurer's fees | 1,949 | 2,975 | 4,924 |
| Landscape maintenance | 13,567 | - | 13,567 |
| Miscellaneous | 1,732 | - | 1,732 |
| Debt service | | | |
| Paying agent fees | - | 2,000 | 2,000 |
| Bond interest | - | 180,636 | 180,636 |
| Total expenditures | <u>49,598</u> | <u>185,611</u> | <u>235,209</u> |
| NET CHANGE IN FUND BALANCES | 120,582 | 32,119 | 152,701 |
| FUND BALANCES - BEGINNING OF YEAR | 527,803 | 24,696 | 552,499 |
| FUND BALANCES - END OF YEAR | <u>\$ 648,385</u> | <u>\$ 56,815</u> | <u>\$ 705,200</u> |

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

**RIVERDALE PEAKS II 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, 2023**

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

| | |
|--|----------------------------|
| Net change in fund balances - Total governmental funds | \$ 152,701 |
| <p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. Instead the cost of the asset is allocated over its estimated useful life, and recorded as depreciation expense in each of those years.</p> | |
| Depreciation | (80,132) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | |
| Change in accrued interest on developer advances | (106,155) |
| Change in accrued interest on bonds | <u>(73,387)</u> |
| Change in net position - Governmental activities | <u><u>\$ (106,973)</u></u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual | Variance with Final Budget - |
|---|--|---------------------------------------|-------------------|---|
| REVENUES | | | | |
| Property tax | \$ 129,882 | \$ 129,882 | \$ 129,882 | \$ - |
| Specific ownership taxes | 7,792 | 7,792 | 8,896 | 1,104 |
| Net investment income | 14,000 | 14,000 | 29,467 | 15,467 |
| HOA contribution | - | - | 1,500 | 1,500 |
| Other | - | - | 435 | 435 |
| Total revenues | <u>151,674</u> | <u>151,674</u> | <u>170,180</u> | <u>18,506</u> |
| EXPENDITURES | | | | |
| Management fees | 6,000 | 6,000 | 5,303 | 697 |
| Accounting | 3,300 | 8,300 | 8,207 | 93 |
| Audit | 4,500 | 4,500 | 4,400 | 100 |
| Legal | 2,400 | 2,500 | 2,431 | 69 |
| Insurance and bonds | 9,000 | 10,700 | 10,629 | 71 |
| Election | 1,200 | 1,400 | 1,380 | 20 |
| County Treasurer's fees | 1,948 | 1,948 | 1,949 | (1) |
| Landscape maintenance | 12,000 | 14,000 | 13,567 | 433 |
| Landscape improvements | 12,000 | 12,000 | - | 12,000 |
| Miscellaneous | 3,000 | 3,000 | 1,732 | 1,268 |
| Banking fees | 200 | 200 | - | 200 |
| Contingency and emergency reserve | 14,550 | 175,452 | - | 175,452 |
| Total expenditures | <u>70,098</u> | <u>240,000</u> | <u>49,598</u> | <u>190,402</u> |
| NET CHANGE IN FUND BALANCE | 81,576 | (88,326) | 120,582 | 208,908 |
| FUND BALANCE - BEGINNING OF YEAR | 504,508 | 504,508 | 527,803 | 23,295 |
| FUND BALANCE - END OF YEAR | <u>\$ 586,084</u> | <u>\$ 416,182</u> | <u>\$ 648,385</u> | <u>\$ 232,203</u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023
(with comparative totals for December 31, 2022)**

| | Enterprise Fund | |
|-------------------------------------|------------------------|--------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and investments - unrestricted | \$ 102,397 | \$ 91,382 |
| Accounts receivable - customers | 9,077 | 11,338 |
| Capital assets, net | 8,280 | 8,889 |
| Total assets | 119,754 | 111,609 |
| LIABILITIES | | |
| Accounts payable | 7,957 | 5,066 |
| Noncurrent liabilities | | |
| Due in more than one year | 237,740 | 229,709 |
| Total liabilities | 245,697 | 234,775 |
| NET POSITION | | |
| Investment in capital assets | 8,280 | 8,889 |
| Unrestricted | (134,223) | (132,055) |
| Total net position | \$ (125,943) | \$ (123,166) |

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

RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2023
(with comparative totals for December 31, 2022)

| | Enterprise Fund | |
|---|------------------------|---------------------|
| | 2023 | 2022 |
| OPERATING REVENUES | | |
| Water charges | \$ 93,851 | \$ 96,732 |
| Total operating revenues | <u>93,851</u> | <u>96,732</u> |
| OPERATING EXPENDITURES | | |
| Management | 5,303 | 3,270 |
| Accounting | 8,207 | 2,118 |
| Billing | 13,147 | 8,576 |
| Landscape design review | 8 | 7 |
| Operations | 21,645 | 19,605 |
| Generator preventative maintenance | 3,654 | 2,300 |
| Repairs and maintenance | 780 | - |
| Testing | 2,860 | 4,839 |
| Chemicals and supplies | 3,195 | 1,711 |
| Utilities | 28,492 | 25,387 |
| Miscellaneous | 697 | 338 |
| Depreciation | 609 | 304 |
| Total operating expenses | <u>88,597</u> | <u>68,455</u> |
| OPERATING INCOME | <u>5,254</u> | <u>28,277</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest expense | (8,031) | (8,031) |
| Total nonoperating revenues (expenses) | <u>(8,031)</u> | <u>(8,031)</u> |
| CHANGES IN NET POSITION | (2,777) | 20,246 |
| NET POSITION - BEGINNING OF YEAR | (123,166) | (143,412) |
| NET POSITION - END OF YEAR | <u>\$ (125,943)</u> | <u>\$ (123,166)</u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2023
(with comparative totals for December 31, 2022)**

| | Enterprise Fund | |
|---|------------------------|------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 96,112 | \$ 95,794 |
| Payments to suppliers | <u>(85,097)</u> | <u>(75,277)</u> |
| Net cash provided by operating activities | <u>11,015</u> | <u>20,517</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital outlay | <u>-</u> | <u>(9,193)</u> |
| Net cash required by capital financing activities | <u>-</u> | <u>(9,193)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 11,015 | 11,324 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>91,382</u> | <u>80,058</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 102,397</u> | <u>\$ 91,382</u> |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income | \$ 5,254 | \$ 28,277 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 609 | 304 |
| (Increase) decrease in accounts receivable | 2,261 | (938) |
| Increase (decrease) in accounts payable | <u>2,891</u> | <u>(7,126)</u> |
| Net cash provided by operating activities | <u>\$ 11,015</u> | <u>\$ 20,517</u> |

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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Riverdale Peaks II Metropolitan District (District), a quasi-municipal corporation, was organized on December 2, 2002, and is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District was established to provide financing for the design, acquisition and construction of streets, traffic and safety controls, water, sanitary sewer, park and recreation, mosquito control, television relay and translation and transportation facilities.

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 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 interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to 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 assets and deferred outflows of resources, and liabilities and 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. 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.

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Taxes and other items, not properly included among program revenues, are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

The District reports the following major governmental funds:

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.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for the water operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

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

The District approved supplemental appropriations for the General Fund 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 funds' average equity balance in total cash. Investments are carried at fair value.

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

Capital Assets

Capital Assets, which include property and infrastructure improvements (e.g. water improvements, park and recreation improvements, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the District as assets with

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

| | |
|------------------------|----------|
| Pump station | 25 years |
| Water system | 50 years |
| Irrigation and fencing | 10 years |
| Equipment | 15 years |

Water Rights

In order to provide water for in-house and irrigation uses within the District, the District acquired the rights to 87.93 acre-feet of non-tributary Denver Basin aquifer ground water from Prospect Farms, LLC, in 2005. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Surface Rights

In order to assure uninterrupted provision of water to the District, the District acquired certain surface rights within the boundaries of the District from Riverdale Holdings, LLC, and Elkhart, LLC, in 2005. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Water Facilities Fees

Water facility fees of \$19,750 per residential equivalent unit are charged against properties within the District. The facilities fee is due at the time of issuance of a building permit by Adams County. The District records the facilities fee as revenue when received, which may be at the transfer of property from the Developer to a builder. The District does not anticipate

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

receipt of any additional fees as the remaining vacant land in the District has been acquired by Brighton School District 27J and Adams County. (See Note 8 regarding Developer guarantee.)

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. Positive amounts are reported only in the General Fund.

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.

Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE 3 - CASH AND INVESTMENTS

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Cash and investments as of December 31, 2023 are classified in the accompanying statement of net position as follows:

| | |
|-------------------------------------|------------|
| Cash and investments - unrestricted | \$ 740,313 |
| Cash and investments - restricted | 55,696 |
| | \$ 796,009 |

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

| | |
|--------------------------------------|------------|
| Deposits with financial institutions | \$ 112,760 |
| Investments | 683,249 |
| | \$ 796,009 |

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, 2023, the District's cash deposits had a bank balance of \$129,241 and carrying balance of \$112,760.

Investments

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

The District follows Colorado State Statutes which 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 lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

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 requirement.

At December 31, 2023, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Carrying Value</u> |
|--|-----------------------------------|-----------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted average under 60 days | <u>\$ 683,249</u> |

CSAFE

During 2023, the District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. 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 is rated AAAM by Standard and Poor's. Information related to CSAFE, including the annual audited financial statements, can be found at the CSAFE website at www.csafe.org. Information related to Standard & Poor's ratings can be obtained from Standard & Poor's.

Investment Valuation

Certain investments are measured at fair value on a recurring basis and 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 CSAFE at yearend for which the investment valuations were determined as follows.

CSAFE's primary goal is to maintain \$1.00 per share NAV. CSAFE prices its portfolio on a weekly basis using a third-party pricing entity to determine if the pool's NAV deviates materially

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

from \$1.00 per share. CSAFE has in place a NAV monitoring policy to take action if a material variation exists.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2023 follows:

| | Balance at December 31, 2022 | Increases | Decreases | Balance at December 31, 2023 |
|---|---|------------------------|------------------|---|
| <u>Governmental Activities</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Surface rights | \$ 113,718 | \$ - | \$ - | \$ 113,718 |
| Water Rights | 351,720 | - | - | 351,720 |
| Land and landscaping | 255,450 | - | - | 255,450 |
| Total capital assets, not being depreciated | <u>720,888</u> | <u>-</u> | <u>-</u> | <u>720,888</u> |
| Capital assets, being depreciated: | | | | |
| Water system | 1,760,020 | - | - | 1,760,020 |
| Pump station | 1,123,276 | - | - | 1,123,276 |
| Irrigation and fencing | 16,651 | - | - | 16,651 |
| Total capital assets, being depreciated | <u>2,899,947</u> | <u>-</u> | <u>-</u> | <u>2,899,947</u> |
| Less accumulated depreciation for: | | | | |
| Water system | (507,414) | (35,200) | - | (542,614) |
| Pump station | (638,815) | (44,932) | - | (683,747) |
| Irrigation and fencing | (16,652) | - | - | (16,652) |
| Total accumulated depreciation | <u>(1,162,881)</u> | <u>(80,132)</u> | <u>-</u> | <u>(1,243,013)</u> |
| Total capital assets being depreciated, net | <u>1,737,066</u> | <u>(80,132)</u> | <u>-</u> | <u>1,656,934</u> |
| Total capital assets, net | <u>\$ 2,457,954</u> | <u>\$ (80,132)</u> | <u>\$ -</u> | <u>\$ 2,377,822</u> |
| | | | | |
| | Balance at December 31, 2022 | Increases | Decreases | Balance at December 31, 2023 |
| <u>Business-Type Activities</u> | | | | |
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 9,193 | \$ - | \$ - | \$ 9,193 |
| Total capital assets, being depreciated | <u>9,193</u> | <u>-</u> | <u>-</u> | <u>9,193</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (304) | (609) | - | (913) |
| Total accumulated depreciation | <u>(304)</u> | <u>(609)</u> | <u>-</u> | <u>(913)</u> |
| Total capital assets being depreciated, net | <u>8,889</u> | <u>(609)</u> | <u>-</u> | <u>8,280</u> |
| Total capital assets, net | <u>\$ 8,889</u> | <u>\$ (609)</u> | <u>\$ -</u> | <u>\$ 8,280</u> |

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Total depreciation expense for the water system, pump station, irrigation and fencing was charged to the general government function of the District in the amount of \$80,132 for the year ended December 31, 2023.

Total depreciation expense for the business-type activities has been charged to the water operations function in the amount of \$609 for the year ended December 31, 2023.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2023.

| | <u>Balance at December 31, 2022</u> | <u>New Issues/ Additions</u> | <u>Retirements</u> | <u>Balance at December 31, 2023</u> | <u>Due Within One Year</u> |
|-----------------------------|---|----------------------------------|--------------------|---|------------------------------------|
| <u>Governmental</u> | | | | | |
| Series 2005 G.O. Bonds | \$ 3,065,000 | \$ - | \$ - | \$ 3,065,000 | \$ 795,000 |
| Unpaid interest on Bonds | 846,783 | 74,001 | - | 920,784 | - |
| Developer advances: | | | | | |
| Operations | 365,068 | - | - | 365,068 | - |
| Capital | 1,151,454 | - | - | 1,151,454 | - |
| Accrued interest on | | | | | |
| Developer advances: | | | | | |
| Operations | 415,944 | 25,553 | - | 441,497 | - |
| Capital | 1,204,148 | 80,602 | - | 1,284,750 | - |
| | <u>7,048,397</u> | <u>180,156</u> | <u>-</u> | <u>7,228,553</u> | <u>795,000</u> |
| <u>Business-type</u> | | | | | |
| Developer advances: | | | | | |
| Enterprise operations | 114,731 | - | - | 114,731 | - |
| Accrued interest on | | | | | |
| Developer advances: | | | | | |
| Enterprise operations | 114,978 | 8,031 | - | 123,009 | - |
| | <u>229,709</u> | <u>8,031</u> | <u>-</u> | <u>237,740</u> | <u>-</u> |
| Total district obligations | <u>\$ 7,278,106</u> | <u>\$ 188,187</u> | <u>\$ -</u> | <u>\$ 7,466,293</u> | <u>\$ 795,000</u> |

General Obligation Bonds

On September 29, 2005, the District issued \$3,105,000 in General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) dated September 1, 2005, for infrastructure improvements and related initial operation and maintenance costs. The bonds are term bonds due December 1, 2025 with an interest rate of 6.40% paid semi-annually on June 1 and December 1 and due December 1, 2035 with an interest rate of 6.50% paid semi-annually on June 1 and December 1. The bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2015, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds maturing December 1, 2025 are subject to mandatory

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

sinking fund redemptions on December 1, 2007 and on each December 1 thereafter in increasing annual amounts through December 1, 2025. The bonds maturing on December 1, 2035 are subject to mandatory sinking fund redemptions on December 1, 2026 and on each December 1 thereafter in increasing annual amounts.

The proceeds of such debt were used for bond issuance costs, capitalized interest, capital infrastructure costs and reimbursement to the Developer for advances made to the District.

The bonds are payable from pledged revenue, including the District's covenant to levy the required mill levy on all taxable property within the District and water facilities fees (See Note 8 – WATER FACILITIES FEE AGREEMENT). The minimum mill levy is 38.000 mills and the maximum levy is 65.827, to be adjusted by the Gallagher Amendment, until the ratio of the District's debt to its assessed value is 50% or less at which time the required mill levy becomes unlimited. The District must levy taxes sufficient to make debt service payments when combined with other pledged revenue sources. The District levied the maximum mill levy of 71.899 for collection in 2024.

The District filed material event notifications for the June 1, 2015, December 1, 2015, June 1, 2016, December 1, 2016, June 1, 2017, December 1, 2017, June 1, 2018, December 1, 2018, June 1, 2019, December 1, 2019, December 1, 2020 and scheduled payments to inform the bondholders and potential purchasers of the Bonds of the lack of funds available to make the principal and interest payments due. The amount available from Pledged Revenues in the District's Debt Service Fund, as well as the Bond Fund and Surplus Fund held by the trustee was insufficient to make the debt service payments in full which resulted in shortfalls.

The District did not have sufficient funds available to make the December 1, 2021, December 31, 2022, June 1, 2023 and December 1, 2023 scheduled principal and interest payments due. The amount available from Pledged Revenues in the District's Debt Service Fund, as well as the Bond Fund and Surplus Fund held by the trustee was insufficient to make the debt service payment in full which resulted in a shortfall.

Under Section 2.01(g) of the Indenture, to the extent interest on any bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the bond.

As of December 31, 2023, the District had unpaid accrued interest of \$920,784.

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

The District's bonds scheduled maturities are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 795,000 | * \$ 1,076,199 | * \$ 1,871,199 |
| 2025 | 135,000 | 147,415 | 282,415 |
| 2026 | 150,000 | 138,775 | 288,775 |
| 2027 | 160,000 | 129,025 | 289,025 |
| 2028 | 175,000 | 118,625 | 293,625 |
| 2029-2033 | 1,085,000 | 405,925 | 1,490,925 |
| 20234-2035 | 565,000 | 55,575 | 620,575 |
| | <u>\$ 3,065,000</u> | <u>\$ 2,071,539</u> | <u>\$ 5,136,539</u> |

* - includes unpaid principal and interest from prior years.

Debt Authorization

Following the November 5, 2002 election, and the issuance of the 2005 Bonds, the District had remaining voted debt authority of the following amounts allocated for the following purposes:

| | Authorized November 5, 2002 Election | Authorization Used by Series 2005 Bonds | Remaining December 31, 2023 |
|----------------------------|---|--|--|
| Water system | \$ 7,581,000 | \$ 2,321,919 | \$ 5,259,081 |
| Parks and recreation | 585,000 | 493,385 | 91,615 |
| Operations and maintenance | 500,000 | - | 500,000 |
| Sanitary sewer | 3,001,250 | 289,696 | 2,711,554 |
| Streets | 4,261,500 | - | 4,261,500 |
| Refunding of debt | 15,428,750 | - | 15,428,750 |
| | <u>\$ 31,357,500</u> | <u>\$ 3,105,000</u> | <u>\$ 28,252,500</u> |

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,887,500. Mill Levy requirements and restrictions are discussed earlier in this note in the section titled "General Obligation Bonds".

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. As of the date of this report (as noted on the Independent Auditor's Report on page I), the amount and timing of any debt issuance is not determinable.

Advance and Reimbursement Agreement

The District entered into an Advance and Reimbursement Agreement with Quebec Corp. (Quebec), the former developer of the District, on July 1, 2005. According to the terms of the

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

agreement, the District shall reimburse Quebec for any advances made to the District for construction, maintenance and operation costs associated with the provision of certain public improvements, facilities and services, together with interest at 7% per annum from the date of the advance. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. The payment to Quebec is subordinate to the District's obligation to reimburse Gateway American Properties, LLC, for any advances made pursuant to the Advance and Reimbursement Agreement dated January 15, 2003.

There were no advances from Quebec during 2023. The total balance due Quebec, under the Advance and Reimbursement Agreement at December 31, 2023 is \$1,516,522 in principal plus accrued interest of \$1,726,247 for the Governmental Activities and \$114,731 in principal plus accrued interest of \$123,009 for the Business-Type Activities.

NOTE 6 – FUND EQUITY

At December 31, 2023, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$10,949 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$5,200 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 10).

The restricted fund balance in the Debt Service Fund in the amount of \$56,815 is to be used exclusively for debt service requirements (see Note 5).

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 capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, developer advances, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District reported a total of \$(1,838,252) net investment in capital assets as follows:

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Governmental Activities - net investment in capital assets:

| | |
|--|------------------------------|
| Capital assets, net | \$ 2,377,822 |
| Current and noncurrent portion of long-term obligations - Bonds | (3,065,000) |
| Noncurrent portion of long-term obligations - Developer advances (capital) | (1,151,454) |
| Net investment in capital assets | <u><u>\$ (1,838,632)</u></u> |

Business-Type Activities - net investment in capital assets:

| | |
|----------------------------------|------------------------|
| Capital assets, net | \$ 8,280 |
| Net investment in capital assets | <u><u>\$ 8,280</u></u> |

The restricted portion of net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2023 is \$5,200 as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The District's unrestricted net position at December 31, 2023 totaled \$(2,459,273). This deficit is due to governmental and business-type activities being funded mainly by advances from the former developer of the District, including related accrued interest.

NOTE 8 – WATER FACILITIES FEE AGREEMENT

On September 27, 2005, Quebec and Gateway American Properties, LLC (Gateway) entered into an agreement to partially guarantee the collection of water facilities fees. Facilities fees paid at a rate faster than the prescribed minimum guaranty amounts will be credited against the guaranteed amount due in subsequent years. Under the terms of the agreement, Quebec was obligated to pay \$177,750 of these fees for the year ended December 31, 2009, \$592,500 for the year ended December 31, 2010, \$533,250 for the year ended December 31, 2011, \$434,500 for the year ended December 31, 2012, \$434,500 for the year ended December 31, 2013 and \$414,750 for the year ended December 31, 2014. As of the date of the audit report, the fees remain unpaid and, \$3,038,843 of interest accrued at 10%, per the agreement, was added to the amounts due for a total of \$5,626,093 at December 31, 2023. An allowance for doubtful accounts has been established in the amount of \$5,626,093. Therefore, the net receivable at December 31, 2023 due from the Developer is \$-0-.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. 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

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

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.

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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 5, 2002, the District's electors authorized the District to increase taxes \$200,000 annually or by a lesser annual amount as may be necessary to pay the District's operations and maintenance and other expenses without limitation of rate. Further the District's electors authorized the District to collect, retain and spend all District revenue, other than ad valorem taxes, without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

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

SUPPLEMENTAL INFORMATION

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023**

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - |
|---|--|------------------|---|
| REVENUES | | | |
| Property taxes | \$ 198,278 | \$ 198,278 | \$ - |
| Specific ownership taxes | 12,000 | 13,581 | 1,581 |
| Net investment income | 20 | 5,871 | 5,851 |
| Total revenues | <u>210,298</u> | <u>217,730</u> | <u>7,432</u> |
| EXPENDITURES | | | |
| County treasurer's fees | 2,974 | 2,975 | (1) |
| Paying agent fees | 2,000 | 2,000 | - |
| Bond interest | 200,000 | 180,636 | 19,364 |
| Total expenditures | <u>204,974</u> | <u>185,611</u> | <u>19,363</u> |
| NET CHANGE IN FUND BALANCE | 5,324 | 32,119 | 26,795 |
| FUND BALANCE - BEGINNING OF YEAR | <u>22,961</u> | <u>24,696</u> | <u>1,735</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 28,285</u> | <u>\$ 56,815</u> | <u>\$ 28,530</u> |

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL
ENTERPRISE FUND
Year Ended December 31, 2023**

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - |
|--|--|-------------------|---|
| REVENUES | | | |
| Water charges | \$ 75,000 | \$ 93,851 | \$ 18,851 |
| Total revenues | <u>75,000</u> | <u>93,851</u> | <u>18,851</u> |
| EXPENDITURES | | | |
| Management | 4,900 | 5,303 | (403) |
| Accounting | 4,300 | 8,207 | (3,907) |
| Billing and meter reading | 7,600 | 13,147 | (5,547) |
| Landscape design review | - | 8 | (8) |
| Operations | 27,500 | 21,645 | 5,855 |
| Generator preventive maintenance | 5,000 | 3,654 | 1,346 |
| Repairs and maintenance | - | 780 | (780) |
| Testing | 4,000 | 2,860 | 1,140 |
| Chemicals and supplies | 5,650 | 3,195 | 2,455 |
| Generator maintenance | 1,500 | - | 1,500 |
| Utilities | 21,000 | 28,492 | (7,492) |
| Fuel generator | 800 | - | 800 |
| Locates | - | 345 | (345) |
| Miscellaneous | 1,200 | 352 | 848 |
| Capital equipment replacement and repairs | 30,000 | - | 30,000 |
| Contingency | 25,000 | - | 25,000 |
| Total expenditures | <u>138,450</u> | <u>87,988</u> | <u>50,462</u> |
| NET CHANGE IN FUNDS AVAILABLE | (63,450) | 5,863 | 69,313 |
| FUNDS AVAILABLE - BEGINNING OF YEAR | (187,545) | 97,654 | 285,199 |
| FUNDS AVAILABLE - END OF YEAR | <u>\$ (250,995)</u> | <u>\$ 103,517</u> | <u>\$ 354,512</u> |

Funds available is computed as follows:

| | |
|---------------------|-------------------|
| Current assets | \$ 111,474 |
| Current liabilities | (7,957) |
| | <u>\$ 103,517</u> |

Reconciliation of Budgetary Basis to the Statement of Revenues,
Expenses and Changes in Fund Net Position

| | |
|--|-------------------|
| Net change in funds available - budgetary basis | \$ 5,863 |
| Change in interest on long term obligations | (8,031) |
| Depreciation | (609) |
| Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position | <u>\$ (2,777)</u> |

OTHER INFORMATION

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2023**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | Property Taxes | | Percentage Collected to Levied |
|--|---|--------------|--------|---------|----------------|------------|--------------------------------------|
| | | General | Debt | Total | Levied | Collected | |
| 2008 | \$ 1,209,380 | 10.000 | 38.000 | 48.000 | \$ 58,050 | \$ 58,062 | 100.0% |
| 2009 | \$ 1,423,670 | 10.000 | 38.000 | 48.000 | \$ 68,336 | \$ 68,087 | 99.6% |
| 2010 | \$ 1,434,740 | 33.475 | 40.000 | 73.475 | \$ 105,418 | \$ 105,401 | 100.0% |
| 2011 | \$ 1,257,590 | 33.475 | 40.000 | 73.475 | \$ 92,401 | \$ 92,396 | 100.0% |
| 2012 | \$ 966,410 | 33.475 | 40.000 | 73.475 | \$ 71,007 | \$ 71,003 | 100.0% |
| 2013 | \$ 945,330 | 33.475 | 40.000 | 73.475 | \$ 69,458 | \$ 69,465 | 100.0% |
| 2014 | \$ 840,770 | 42.821 | 40.000 | 82.821 | \$ 69,633 | \$ 64,255 | 92.3% |
| 2015 | \$ 782,800 | 42.821 | 40.000 | 82.821 | \$ 64,832 | \$ 61,329 | 94.6% |
| 2016 | \$ 960,620 | 48.419 (a) | 40.000 | 88.419 | \$ 84,937 | \$ 83,218 | 98.0% |
| 2017 | \$ 969,260 | 42.821 | 40.000 | 82.821 | \$ 80,275 | \$ 79,649 | 99.2% |
| 2018 | \$ 1,785,520 | 42.821 | 63.542 | 106.363 | \$ 189,913 | \$ 189,087 | 99.6% |
| 2019 | \$ 2,073,250 | 42.821 | 63.542 | 106.363 | \$ 220,517 | \$ 220,517 | 100.0% |
| 2020 | \$ 2,810,430 | 43.120 | 63.986 | 107.106 | \$ 301,014 | \$ 301,014 | 100.0% |
| 2021 | \$ 3,083,870 | 43.120 | 63.986 | 107.106 | \$ 330,301 | \$ 329,850 | 99.9% |
| 2022 | \$ 3,014,050 | 43.269 (b) | 63.986 | 107.255 | \$ 323,272 | \$ 323,271 | 100.0% |
| 2023 | \$ 3,012,110 | 43.120 | 65.827 | 108.947 | \$ 328,160 | \$ 328,160 | 100.0% |
| Estimated for year ending December 31, 2024 | \$ 3,689,000 | 43.120 | 71.899 | 115.019 | \$ 424,304 | | |

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

(a) - includes 5.598 mill levy for refunds and abatements.

(b) - includes 0.149 mill levy for refunds and abatements

**RIVERDALE PEAKS II METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023**

**\$3,105,000 General Obligation Bonds, Series 2005
(Limited Tax Convertible to Unlimited Tax)
Interest Rate 6.40% (\$970,000 Term Bond Due
December 1, 2025) and 6.50% (\$2,135,000
Term Bond Due December 1, 2035)
Principal Due December 1
Interest Due June 1 and December 1**

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Annual Debt Service</u> |
|-------------------------------------|---------------------|---------------------|--------------------------------|
| 2024 | * \$ 795,000 | \$ 1,076,199 | \$ 1,871,199 |
| 2025 | 135,000 | 147,415 | 282,415 |
| 2026 | 150,000 | 138,775 | 288,775 |
| 2027 | 160,000 | 129,025 | 289,025 |
| 2028 | 175,000 | 118,625 | 293,625 |
| 2029 | 185,000 | 107,250 | 292,250 |
| 2030 | 200,000 | 95,225 | 295,225 |
| 2031 | 215,000 | 82,225 | 297,225 |
| 2032 | 235,000 | 68,250 | 303,250 |
| 2033 | 250,000 | 52,975 | 302,975 |
| 2034 | 275,000 | 36,725 | 311,725 |
| 2035 | 290,000 | 18,850 | 308,850 |
| | <u>\$ 3,065,000</u> | <u>\$ 2,071,539</u> | <u>\$ 5,136,539</u> |

* includes \$670,000 of unpaid principal due on December 1, 2015 , December 1, 2016, December 1, 2017, December 1, 2018, December 1, 2019, December 1, 2020, December 1, 2021, December 1, 2022 and December 1, 2023 and \$920,784 of unpaid interest.