

STONERIDGE METROPOLITAN DISTRICT
Weld County, Colorado
Town of Firestone, Colorado

FINANCIAL STATEMENTS
December 31, 2023

TABLE OF CONTENTS

	PAGE
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 Change in Fund Balance - Budget and Actual - General Fund	6
Notes to Financial Statements.....	7
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Debt Service Fund	21
OTHER INFORMATION	
Schedule of Debt Service Requirements to Maturity	22
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected.....	23



Independent Auditor's Report

Board of Directors
Stoneridge Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Stoneridge 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 and each major fund of Stoneridge Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Supplemental 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 is 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
July 22, 2024

BASIC FINANCIAL STATEMENTS

STONERIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 54,341
Cash and investments - restricted	497,597
Due from county treasurer	783
Property taxes receivable	241,650
Prepaid expenses	2,671
Prepaid bond insurance	20,202
Total assets	<u>817,244</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	179,869
Total deferred outflows of resources	<u>179,869</u>
LIABILITIES	
Accounts payable	6,475
Accrued interest on long-term obligations	10,357
Noncurrent liabilities:	
Due within one year	170,000
Due in more than one year	3,812,791
Total liabilities	<u>3,999,623</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	241,650
Total deferred inflows of resources	<u>241,650</u>
NET POSITION	
Restricted for:	
Emergency reserves	1,300
Debt service	487,925
Unrestricted	(3,733,385)
Total net position	<u>\$ (3,244,160)</u>

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

STONERIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Change in Net
			Contribution	Contribution	Position
					Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 40,957	\$ -	\$ -	\$ -	\$ (40,957)
Interest and expenses on long-term debt	110,169	-	-	-	(110,169)
	<u>\$ 151,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(151,126)</u>
General revenues:					
Property taxes					256,379
Specific ownership taxes					10,918
Interest					17,855
Total general revenues					<u>285,152</u>
Change in net position					134,026
Net position - beginning of year					<u>(3,378,186)</u>
Net position - end of year					<u>\$ (3,244,160)</u>

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

**STONERIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 54,341	\$ -	\$ 54,341
Cash and investments - restricted	-	497,597	497,597
Due from county treasurer	98	685	783
Property taxes receivable	37,434	204,216	241,650
Prepaid expenditures	2,671	-	2,671
Total assets	\$ 94,544	\$ 702,498	\$ 797,042
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,475	\$ -	\$ 6,475
Total liabilities	6,475	-	6,475
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	37,434	204,216	241,650
Total deferred inflows of resources	37,434	204,216	241,650
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	2,671	-	2,671
Restricted:			
Emergency reserves	1,300	-	1,300
Debt service	-	498,282	498,282
Assigned:			
Subsequent year expenditures	1,756	-	1,756
Unassigned	44,908	-	44,908
Total fund balances	50,635	498,282	548,917
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 94,544	\$ 702,498	

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

The funds report bond insurance costs as expenditures at the time the costs are incurred, but the statement of net position reports these costs as deferred assets, additionally the bond refunding loss is not reported in the funds, however is reported as deferred outflows of resources on the statement of net position, both of which are amortized over the life of the bonds

Prepaid bond insurance, net	20,202
Bond refunding loss, net	179,869

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds

Long-term obligations	(3,696,871)
Bond premium, net	(285,920)
Accrued interest on long-term obligations	(10,357)
Net position of governmental activities	\$ (3,244,160)

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

STONERIDGE 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 taxes	\$ 37,585	\$ 218,794	\$ 256,379
Specific ownership taxes	1,367	9,551	10,918
Interest	3,424	14,431	17,855
Total revenues	<u>42,376</u>	<u>242,776</u>	<u>285,152</u>
EXPENDITURES			
<u>General</u>			
Audit	5,596	-	5,596
County treasurer fees	563	3,284	3,847
Directors' fees	800	-	800
District management and accounting	20,860	-	20,860
Dues and subscriptions	299	-	299
Elections	3,087	-	3,087
Insurance and bonds	2,571	-	2,571
Legal	3,601	-	3,601
Miscellaneous	296	-	296
<u>Debt service</u>			
Bond principal	-	160,000	160,000
Bond interest	-	130,681	130,681
Paying agent fees	-	3,497	3,497
Total expenditures	<u>37,673</u>	<u>297,462</u>	<u>335,135</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,703	(54,686)	(49,983)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(431)	431	-
Total other financing sources (uses)	<u>(431)</u>	<u>431</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,272	(54,255)	(49,983)
FUND BALANCES - BEGINNING OF YEAR	46,363	552,537	598,900
FUND BALANCES - END OF YEAR	<u>\$ 50,635</u>	<u>\$ 498,282</u>	<u>\$ 548,917</u>

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

**STONERIDGE 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**

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

Net change in fund balance - Total governmental funds	\$ (49,983)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued as expenditures, whereas, these amounts are deferred and amortized in the statement of activities.

Bond principal payments	160,000	
Bond premium amortization	38,968	
Debt refunding costs amortization	(13,932)	
Prepaid bond insurance amortization	<u>(1,560)</u>	183,476

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

Net change in accrued interest on long-term liabilities	<u>533</u>
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Change in net position of governmental activities	<u><u>\$ 134,026</u></u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

STONERIDGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	<u>Budget Amounts</u> <u>Original and</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Property taxes	\$ 37,631	\$ 37,585	\$ (46)
Specific ownership taxes	1,882	1,367	(515)
Interest	650	3,424	2,774
Total revenues	<u>40,163</u>	<u>42,376</u>	<u>2,213</u>
EXPENDITURES			
Audit	5,200	5,596	(396)
County treasurer fees	564	563	1
Directors' fees	1,200	800	400
District management and accounting	25,000	20,860	4,140
Dues and subscriptions	500	299	201
Elections	2,000	3,087	(1,087)
Insurance and bonds	3,000	2,571	429
Legal	10,000	3,601	6,399
Miscellaneous	300	296	4
Emergency reserve	1,500	-	1,500
Total expenditures	<u>49,264</u>	<u>37,673</u>	<u>11,591</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,101)</u>	<u>4,703</u>	<u>13,804</u>
OTHER FINANCING USES			
Transfer out	<u>-</u>	<u>(431)</u>	<u>(431)</u>
Total other financing uses	<u>-</u>	<u>(431)</u>	<u>(431)</u>
NET CHANGE IN FUND BALANCES	(9,101)	4,272	13,373
FUND BALANCE - BEGINNING OF YEAR	<u>39,633</u>	<u>46,363</u>	<u>6,730</u>
FUND BALANCE - END OF YEAR	<u>\$ 30,532</u>	<u>\$ 50,635</u>	<u>\$ 20,103</u>

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

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

Stoneridge Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on May 17, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within the Town of Firestone, Colorado.

The District was established principally to provide streets, traffic and safety controls, street lighting, water, sanitary sewer, storm drainage, landscaping, parks and recreation and mosquito control to areas within and without the boundaries of the District. The District is intended to provide for the financing of public improvements for the Stoneridge development, but is not intended to be a District with perpetual existence.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Expenditures for property and equipment are shown as increases in assets and redemption of bonds, notes and developer advances 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

Budgets

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

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Premium, Prepaid Bond Insurance Costs and Bond Refunding Costs

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt issuances are reporting as debt service expenditures.

In the government-wide financial statements, prepaid bond insurance costs and bond refunding costs from the G.O. Limited Tax Refunding Series 2016 Bonds are being amortized over the term of the bonds using the straight-line method. The bond premium is being amortized over the term of the bonds using the interest method. As of December 31, 2023, the accumulated amortization of the bond insurance costs, the bond premium and the deferred loss on bond refunding was \$11,700, \$329,825, and \$104,490 respectively.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred loss on refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

Fund Balances – Governmental Funds

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

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.

**STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 - unrestricted	\$ 54,341
Cash and investments - restricted	<u>497,597</u>
Total cash and investments	<u><u>\$ 551,938</u></u>

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

Deposits with financial institutions	\$ 227,669
Investments	<u>324,269</u>
Total cash and investments	<u><u>\$ 551,938</u></u>

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 \$227,772 and carrying balance of \$227,669.

Investments

Credit Risk

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

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

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

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust	Weighted average under 60 days	\$ 203,792
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	<u>\$ 120,477</u>
Total Investments		<u>\$ 324,269</u>

CSAFE

During 2023 and as of December 31, 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 the trust. The District invested in the CSAFE Cash Fund, one of the two funds offered by CSAFE. The CSAFE Cash Fund is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. treasury and agency securities, federal instrumentality and municipal securities, repurchase agreements, government money market funds, corporate bonds, collateralized bank deposits and negotiable bank certificates of deposit.

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 AAmmf by Fitch Ratings.

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

During 2023 and as of December 31, 2023, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. The District invested in COLOTRUST PLUS+ (PLUS+), one of the three portfolios offered by Colotrust. PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period. PLUS+ may invest in U.S. Treasury securities, federal instrumentality and agency securities, repurchase agreements and tri-party repurchase agreements, collateralized bank deposits, government money market funds, corporate bonds and highest rated commercial paper.

A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. PLUS+ is rated AAAM by S&P Global Ratings.

Cash and investments are restricted for the following purposes:

Bond Funds

Cash and investments in the amount of \$497,597 are restricted for debt service payments in the Debt Service Fund.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include a 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

CSAFE's primary goal is to maintain \$1.00 per share NAV. CSAFE prices its portfolio on a daily basis using a third-party pricing entity to determine if the pool's NAV deviates materially from \$1.00 per share. CSAFE has in place a NAV monitoring policy to take action if a material variation exists.

**STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

NOTE 4 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
Limited Tax G.O. Refunding and Improvement Bonds, Series 2016	\$ 3,010,000	\$ -	\$ 160,000	\$ 2,850,000	\$ 170,000
Bond premium	324,888	-	38,968	285,920	-
Developer advances (Note 7)	846,871	-	-	846,871	-
	<u>\$ 4,181,759</u>	<u>\$ -</u>	<u>\$ 198,968</u>	<u>\$ 3,982,791</u>	<u>\$ 170,000</u>

Limited Tax General Obligation Refunding and Improvement Bonds, Series 2016

On July 7, 2016, the District issued Limited Tax General Obligation Refunding and Improvement Bonds, Series 2016 (Series 2016 Bonds) in the principal amount of \$4,000,000. The Series 2016 Bonds were issued for the purpose of providing funds to (i) pay the costs of refunding the Series 2007 Bonds (ii) reimburse the developer for the cost of constructing public improvements pursuant to the developer reimbursement agreement and (iii) pay costs in connection with the issuance of the Series 2016 Bonds. The District received a premium of \$615,745, incurred prepaid insurance costs of \$31,902 and deferred loss on bond refunding of \$284,359, all of which are being amortized over the life of the 2016 Series Bonds in the statement of net position and the statement of activities.

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2016 Bonds are secured by and payable solely from pledged revenue, which includes property taxes derived from the required mill levy net of the cost of collection, specific ownership taxes and any other legally available moneys of the District credited to the Debt Service Fund. The 2016 Series Bonds are also secured by amounts held by the trustee in the surplus fund.

The 2016 Series Bonds bear interest, payable semi-annually on June 1 and December 1, of 4.0% through December 1, 2025, 4.25% from December 2, 2025 to December 1, 2028, 4.375% from December 2, 2028 to December 1, 2031 and 4.5% from December 2, 2031 to December 1, 2036. The 2016 Series Bonds are subject to both optional and mandatory redemption, in whole or in part, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, with no redemption premium beginning December 1, 2026. The 2016 Series Bonds mature on December 1, 2036.

Significant events of default under the 2016 Series Bonds include (i) failure to impose required mill levy or apply required pledged revenue, (ii) failure to meet financial or custodial agreement covenants and (iii) filing of a petition for bankruptcy.

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

The required mill levy is limited to 50 mills (subject to adjustment) less the operations and maintenance mill levy (O&M mill levy). The O&M mill levy is limited to the number of mills which would generate property taxes in the following amount: (a) for levy year 2016 (collection year 2017), the amount of \$35,000; and (b) for each levy year thereafter, the dollar amount produced in the prior year plus 1%. The revenue from the O&M mill levy is not pledged to the 2016 Series Bonds, and the amount of the O&M mill levy will be subtracted from the maximum mill levy required to be imposed to pay debt service on the Bonds, such that the maximum mill levy imposed by the District for all purposes cannot exceed 50 mills (subject to adjustment).

**STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2016 Series Bonds:

	Limited Tax General Obligation Refunding and Improvement Bonds - Series 2016		
	Principal	Interest	Total
2024	\$ 170,000	\$ 124,281	\$ 294,281
2025	175,000	117,481	292,481
2026	185,000	110,481	295,481
2027	190,000	102,619	292,619
2028	200,000	94,544	294,544
2029-2033	1,125,000	335,863	1,460,863
2034-2036	805,000	73,576	878,576
	<u>\$ 2,850,000</u>	<u>\$ 958,845</u>	<u>\$ 3,808,845</u>

Authorized Debt

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$10,030,000 for general obligation bonds. The District's service plan, however, establishes a total debt limit for the District of \$4,000,000 for general obligation bonds and construction financing notes.

The following table depicts the borrowing authority authorized by the District's voters at the District's May 4, 2004 election, the amount thereof applied to the bonds and the amount remaining as of December 31, 2023:

	Total Authorized	Remaining at December 31, 2023
Streets and improvements	\$ 1,695,466	\$ 194,473
Water system	944,846	171,853
Sanitary sewer system	1,197,271	29,271
Parks and recreation	1,162,417	229,424
Operations and maintenance	30,000	30,000
Refunding financial obligations	5,000,000	5,000,000
	<u>\$ 10,030,000</u>	<u>\$ 5,655,021</u>

**STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 – FUND EQUITY

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

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$2,671 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,300 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$498,282 is to be used exclusively for debt service requirements (see Note 4).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$1,756 is comprised of the amounts appropriated for the use in the budget for the year ending December 31, 2024.

NOTE 6 - NET POSITION

The District’s net position consists of two components - restricted and unrestricted.

The restricted portion of the net position include amounts that are restricted either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position at December 31, 2023 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 9)	\$ 1,300
Debt service (Note 4)	487,925
	\$ 489,225

In the government-wide financial statements, the District’s unrestricted net deficit as of December 31, 2023 totaled \$3,733,385, primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

STONERIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - AGREEMENTS

Advance and Reimbursement Agreement - Best Buy Homes Colorado, Inc.

The District entered into an advance and reimbursement agreement with Best Buy Home Colorado, Inc. (Best Buy) on June 18, 2004. Best Buy agreed that the District would recognize advances made by Best Buy and would accept cash advances from Best Buy for reimbursement by the District. As of December 31, 2023, there were no outstanding advances from Best Buy.

Advance and Reimbursement Agreement - Stoneridge Investments, LLC

In an Advance and Reimbursement Agreement dated December 14, 2005, the District and Stoneridge Investments, LLC (Stoneridge) agreed that the District would recognize advances made by Stoneridge and would accept cash advances from Stoneridge for reimbursement by the District. The District shall reimburse Stoneridge for the advances. Per the agreement, interest does not apply to the advances. The payment of the reimbursement is subject to the District's annual appropriation. The District also agreed to provide for the reimbursement from the net proceeds of bonds issued by the District in the future. At December 31, 2023, the outstanding developer advance balance is \$846,871.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members.

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

STONERIDGE METROPOLITAN DISTRICT
NOTES TO 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, except Enterprise.

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

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

On May 4, 2004, the District's electors authorized the District to collect, retain and spend annually any and all amounts from any revenue sources without regard to any limitation imposed by TABOR.

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

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

SUPPLEMENTAL INFORMATION

STONERIDGE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023

	<u>Budget Amounts</u> <u>Original and</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Property taxes	\$ 219,105	\$ 218,794	\$ (311)
Specific ownership taxes	13,146	9,551	(3,595)
Interest	800	14,431	13,631
Total revenues	<u>233,051</u>	<u>242,776</u>	<u>9,725</u>
EXPENDITURES			
Bond principal	160,000	160,000	-
Bond interest	130,681	130,681	-
County treasurer fees	3,287	3,284	3
Paying agent fees	4,000	3,497	503
Miscellaneous	500	-	500
Total expenditures	<u>298,468</u>	<u>297,462</u>	<u>1,006</u>
EXCESS OF REVENUE (UNDER)			
EXPENDITURES	<u>(65,417)</u>	<u>(54,686)</u>	<u>10,731</u>
OTHER FINANCING SOURCES			
Transfer in	-	431	431
Total other financing sources	<u>-</u>	<u>431</u>	<u>431</u>
NET CHANGE IN FUND BALANCE	(65,417)	(54,255)	11,162
FUND BALANCE - BEGINNING OF YEAR	<u>548,359</u>	<u>552,537</u>	<u>4,178</u>
FUND BALANCE - END OF YEAR	<u>\$ 482,942</u>	<u>\$ 498,282</u>	<u>\$ 15,340</u>

OTHER INFORMATION

**STONERIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023**

**\$4,000,000 Series 2016
Limited Tax General Obligation
Refunding and Improvement Bonds
Dated July 7, 2016
Interest Rate of 4.00% 2016, increasing to 4.25% in 2026,
4.375% in 2029 and 4.50% in 2032
Payable on June 1 and December 1,
Principal Due December 1**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000	\$ 124,281	\$ 294,281
2025	175,000	117,481	292,481
2026	185,000	110,481	295,481
2027	190,000	102,619	292,619
2028	200,000	94,544	294,544
2029	205,000	86,044	291,044
2030	215,000	77,075	292,075
2031	225,000	67,669	292,669
2032	235,000	57,825	292,825
2033	245,000	47,250	292,250
2034	255,000	36,225	291,225
2035	270,000	24,750	294,750
2036	280,000	12,601	292,601
	<u>\$ 2,850,000</u>	<u>\$ 958,845</u>	<u>\$ 3,808,845</u>

**STONERIDGE METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2023**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2010	\$ 6,693,230	50.000	\$ 334,662	\$ 334,662	100.00%
2011	\$ 6,355,140	50.000	\$ 317,757	\$ 317,695	99.98%
2012	\$ 6,899,170	50.000	\$ 344,958	\$ 344,958	100.00%
2013	\$ 7,068,010	50.000	\$ 353,400	\$ 353,400	100.00%
2014	\$ 6,690,760	50.000	\$ 334,538	\$ 334,538	100.00%
2015	\$ 6,694,410	50.000	\$ 334,720	\$ 331,064	98.91%
2016	\$ 8,257,340	50.000	\$ 412,867	\$ 412,867	100.00%
2017	\$ 8,825,590	50.000	\$ 441,280	\$ 441,280	100.00%
2018	\$ 8,881,160	50.000	\$ 444,058	\$ 444,126	100.02%
2019	\$ 8,821,810	50.000	\$ 441,090	\$ 441,090	100.00%
2020	\$10,302,500	34.000	\$ 350,285	\$ 350,285	100.00%
2021	\$10,436,310	34.000	\$ 354,834	\$ 354,303	99.85%
2022	\$11,041,850	23.373	\$ 258,081	\$ 259,516	100.56%
2023	\$10,955,250	23.435	\$ 256,736	\$ 256,379	99.86%
Estimated for the year ending December 31, 2024	\$13,594,170	17.776	\$ 241,650		

NOTE:

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