

# RICHARDS FARM METROPOLITAN DISTRICT

ARVADA  
JEFFERSON COUNTY, COLORADO



**FINANCIAL STATEMENTS**  
**As of and for the 12-month period ended**  
**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Richards Farm Metropolitan District

Jefferson County, CO

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### Required Supplementary Information

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

### Supplementary Information

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado  
September 20, 2024

**RICHARDS FARM METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	59,955
Cash and investments – restricted	210,471
Accounts receivable	675
Accounts receivable – specific ownership taxes	1,891
Property taxes receivable	426,500
Prepaid expenses	4,571
Non-depreciable capital assets	3,970
Depreciable capital assets, net	423,956
<b>Total Assets</b>	<b>1,131,989</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,336
Accrued interest payable	17,918
Current portion of Senior Loan payable	42,000
Senior loan payable	3,538,000
Current portion of Series 2019 Bonds	100,000
Series 2019B Bonds	226,000
<b>Total Liabilities</b>	<b>3,925,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	426,500
<b>NET POSITION (DEFICIT)</b>	
Restricted:	
Emergency reserves	4,800
Debt service	26,807
Capital projects	180,061
Non-spendable	4,571
Unassigned:	(3,436,004)
<b>Net Position (Deficit)</b>	<b>\$ (3,219,765)</b>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
For the 12-Month Period Ended  
December 31, 2023**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Government Activities:</b>					
General government activities	\$ (136,494)	\$ 150	\$ -	\$ -	\$ (136,344)
Interest and related costs on long-term debt	(155,811)		-	-	(155,811)
Capital project activities	(33,609)	-	-	-	(33,609)
	<u>\$ (325,914)</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(325,764)</u>
<b>General Revenues</b>					
					426,501
					30,522
					18,759
					<u>475,782</u>
					150,018
					<u>(3,369,783)</u>
					<u>\$ (3,219,765)</u>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
December 31, 2023**

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
<b>ASSETS</b>				
Cash and investments	\$ 59,955	\$ -	\$ -	\$ 59,955
Cash and investments - Restricted	4,800	25,610	180,061	210,471
Accounts receivable	675	-	-	675
Accounts receivable - specific ownership	694	1,197	-	1,891
Property taxes receivable	156,500	270,000	-	426,500
Prepaid expenses	4,571	-	-	4,571
<b>TOTAL ASSETS</b>	<b>\$ 227,195</b>	<b>\$ 296,807</b>	<b>\$ 180,061</b>	<b>\$ 704,063</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,336	\$ -	\$ -	\$ 1,336
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	156,500	270,000	-	426,500
<b>FUND BALANCES</b>				
Restricted:				
Emergencies (TABOR)	4,800	-	-	4,800
Debt service	-	26,807	-	26,807
Capital projects	-	-	180,061	180,061
Non-spendable	4,571	-	-	4,571
Unrestricted	59,988	-	-	59,988
<b>TOTAL FUND BALANCES</b>	<b>69,359</b>	<b>26,807</b>	<b>180,061</b>	<b>276,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 227,195</b>	<b>\$ 296,807</b>	<b>\$ 180,061</b>	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land	3,970
Property, structures and equipment, net	423,956
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(3,580,000)
Loan payable	(326,000)
Accrued interest payable	(17,918)
<b>Net position of governmental activities</b>	<b>\$ (3,219,765)</b>

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

**RICHARDS FARM METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2023**

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
<b>REVENUES</b>				
Property taxes	\$ 156,502	\$ 269,999	\$ -	\$ 426,501
Specific ownership taxes	11,200	19,322	-	30,522
Covenant violation fine income	150	-	-	150
Reimb expenses - collection costs	-	-	-	-
Net investment income	2,340	16,419	-	18,759
<b>Total Revenues</b>	<b>170,192</b>	<b>305,740</b>	<b>-</b>	<b>475,932</b>
<b>EXPENDITURES</b>				
General and administration	46,940	-	-	46,940
Landscaping maintenance	51,702	-	-	51,702
Other district expenses	12,842	-	-	12,842
Trash removal expenses	25,010	-	-	25,010
Debt service				
Direct and indirect collection costs	-	10,551	-	10,551
Interest - series 2019B bonds	-	23,530	-	23,530
Senior loan interest	-	121,275	-	121,275
Principal - series 2019B bonds	-	95,000	-	95,000
Senior loan expense	-	37,000	-	37,000
Major capital projects	-	-	-	-
<b>Total Expenditures</b>	<b>136,494</b>	<b>287,356</b>	<b>-</b>	<b>423,850</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>33,698</b>	<b>18,384</b>	<b>-</b>	<b>52,082</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund Transfers In / (Out)	(40,000)	-	40,000	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(6,302)</b>	<b>18,384</b>	<b>40,000</b>	<b>52,082</b>
<b>FIND BALANCES – BEGINNING</b>	<b>75,661</b>	<b>8,423</b>	<b>140,061</b>	<b>224,145</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 69,359</b>	<b>\$ 26,807</b>	<b>\$ 180,061</b>	<b>\$ 276,227</b>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
12-Month Period Ended  
December 31, 2023**

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

Net change in fund balances – Total government funds	\$	52,082
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bonds - principal payment		95,000
Loan - principal payment		37,000

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Depreciation expense on property, structures and equipment		(33,609)
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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.

Change in accrued interest on debt		(455)
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<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>150,018</b>
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These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**RICHARDS FARM METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 156,500	\$ 156,502	\$ 2
Specific ownership taxes	11,000	11,200	200
Covenant violation fine income	500	150	(350)
Reimb expenses - collection costs	-	-	-
Net investment income	300	2,340	2,040
<b>Total Revenues</b>	<b>168,300</b>	<b>170,192</b>	<b>1,892</b>
<b>EXPENDITURES</b>			
General and administration	58,600	46,940	11,660
Landscaping maintenance	49,900	51,702	(1,802)
Other district expenses	26,800	12,842	13,958
Trash removal expenses	27,000	25,010	1,990
<b>Total Expenditures</b>	<b>162,300</b>	<b>136,494</b>	<b>25,806</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,000</b>	<b>33,698</b>	<b>27,698</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(40,000)	(40,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<b>(34,000)</b>	<b>(6,302)</b>	<b>27,698</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b>75,000</b>	<b>75,661</b>	<b>661</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ 41,000</b>	<b>\$ 69,359</b>	<b>\$ 28,359</b>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
GENERAL FUND  
EXPENDITURE DETAILS - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>GENERAL AND ADMINISTRATION</b>			
District management and accounting fees	\$ 32,100	\$ 30,050	\$ 2,050
Administrative costs	2,000	935	1,065
Audit fees	7,500	6,600	900
Collection fees – County Treasurer	2,400	2,348	52
Board of Directors’ fees	2,500	3,400	(900)
Board training and conferences	3,000	-	3,000
Insurance	4,100	3,607	493
Legal fees	3,000	-	3,000
Contingency	2,000	-	2,000
<b>Total General and Administration</b>	<b><u>\$ 58,600</u></b>	<b><u>\$ 46,940</u></b>	<b><u>\$ 11,660</u></b>
<b>LANDSCAPING MAINTENANCE</b>			
Ground maintenance fees	18,100	16,779	1,321
Tree maintenance & replacement	3,000	9,990	(6,990)
Backflow maintenance	-	-	-
Sprinkler repairs	5,000	2,607	2,393
Sprinklers – water	10,000	6,573	3,427
Sprinklers – electricity	300	226	74
Winter tree watering	-	408	(408)
Sidewalk maintenance	-	9,250	(9,250)
Detention pond maintenance	-	1,122	(1,122)
Landscaping projects	5,000	1,616	3,384
Perimeter fence maintenance	2,000	-	2,000
Monument sign maintenance	1,000	-	1,000
Insurance - property	1,000	892	108
Miscellaneous landscape costs	4,500	2,239	2,261
<b>Total Landscaping Maintenance</b>	<b><u>\$ 49,900</u></b>	<b><u>\$ 51,702</u></b>	<b><u>\$ (1,802)</u></b>
<b>OTHER DISTRICT EXPENSES</b>			
Snow removal	4,500	2,335	2,165
Vandalism	1,000	-	1,000
Newletter publication costs	400	16	384
Park and recreation events	3,000	3,856	(856)
Dumpster service	-	-	-
Election expenses	8,000	1,391	6,609
Covenant enforcement services	9,900	5,244	4,656
<b>Total Other District Expenses</b>	<b><u>\$ 26,800</u></b>	<b><u>\$ 12,842</u></b>	<b><u>\$ 13,958</u></b>

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

RICHARDS FARM METROPOLITAN DISTRICT  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2023

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Richards Farm Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on September 03, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Arvada (City) on April 06, 2015. The District's service area is located in Jefferson County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries for the benefit of the taxpayers and inhabitants of the District. The District was also established to (1) maintain various open spaces within the District (not otherwise owned and maintained by the City), (2) maintain perimeter fencing, and (3) provide covenant enforcement and architectural review services.

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 organizations 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 organizations 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 has no employees and all operations and administrative functions are contracted.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are as follows:

**Government-wide and Fund Financial Statements**

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

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

These notes are an integral part of the accompanying financial statements.

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.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

### **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 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 established by State law. The budget includes each fund on its basis of accounting unless otherwise indicated.

These notes are an integral part of the accompanying financial statements.

## **Pooled Cash and Investments**

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

Investments are carried at net asset 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 or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2023, the District's share of Specific ownership taxes was equal to approximately 6.7% of property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Property Maintenance Fines**

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, against homeowners whom the District deems to be in violation of the restrictive covenants provided in the Covenants and Restrictions of Richards Farm filed with the Jefferson County Clerk & Recorder's Office on January 14, 2016 at reception number 2016004460 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

These notes are an integral part of the accompanying financial statements.

## **Reimbursable Costs**

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective property owners. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(l) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

## **Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The depreciable lives assigned to each functional area is as follows: perimeter fencing (20 years), monument signage (20 years), landscaping including sprinkler systems (15 years), and roads, curbs and sidewalks (40 years). The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

## **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2023 are comprised of property taxes due from Jefferson County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

## **Liabilities**

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and
- 3) the transaction or other event obligating the entity has already happened.

These notes are an integral part of the accompanying financial statements.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

## Equity

### Net Position

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

### Fund Balance

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

- ***Nonspendable Fund Balance*** – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- ***Restricted fund balance*** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- ***Committed fund balance*** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- ***Assigned fund balance*** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- ***Unassigned fund balance*** – The residual portion of a fund balance that does not meet any of the criteria described above.

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

These notes are an integral part of the accompanying financial statements.

### 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	\$ 59,955
Cash and investments – restricted	210,471
<b>Total cash and investments</b>	<b>\$ 270,426</b>

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

Deposits with financial institutions	\$ 1,985
Investments	268,441
<b>Total cash and investments</b>	<b>\$ 270,426</b>

#### Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank balance of \$2,585 and a carrying balance of \$1,985.

#### Investments

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

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

These notes are an integral part of the accompanying financial statements.

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

As of December 31, 2023, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 268,441

### CSAFE

The District holds investments 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 operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

These notes are an integral part of the accompanying financial statements.

## NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2023, follows:

	<u>Balance at Dec. 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2023</u>	<u>Accumulated Depreciation</u>
Perimeter fencing	\$ 197,000	\$ -	\$ -	\$ 197,000	(\$ 49,250)
Landscaping in open spaces	250,000	-	-	250,000	( 83,335)
Trees in landscaping	31,000	-	-	31,000	( 10,334)
Monument sign	87,000	-	-	87,000	( 21,750)
W 72 <sup>nd</sup> Ave road and curb	27,000	-	-	27,000	( 3,375)
<b>Governmental activities – Capital assets, net</b>	<b>\$ 592,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 592,000</b>	<b>(\$ 168,044)</b>

The District has recorded all land owned by the District at a nominal value of \$3,970.

## NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2023:

	<u>Balance at Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at Dec. 31, 2023</u>	<u>Due within one year</u>
Senior Loan Payable	\$ 3,675,000	\$ -	(\$ 95,000)	3,580,000	\$ 100,000
Accrued Interest – Senior Loan Payable	16,893	121,275	( 121,275)	16,893	-
Series 2019B G.O Bonds	363,000	-	( 37,000)	326,000	42,000
Accrued Interest – Series 2019B G.O. Bonds	570	455	-	1,025	-
<b>Total</b>	<b>\$ 4,055,463</b>	<b>\$ 121,730</b>	<b>(\$ 253,275)</b>	<b>\$ 3,923,918</b>	<b>\$ 142,000</b>

Details regarding the District's long-term obligations are as follows:

### Senior Loan Payable (Senior Loan)

On November 26, 2019, the District entered into an agreement with Academy Bank, N.A. to borrow \$3,900,000 (Senior Loan). Senior Loan bore interest at an annual rate of 4.35% until the Series 2015A and Series 2015B bonds are defeased (which occurred on September 17, 2020). After the Series 2015A and Series 2015B bonds were defeased, the Senior Loan then bore interest at the annual rate of 3.30%. Interest payments are payable semi-annually on June 1 and December 1, beginning on June 01, 2020. Annual mandatory principal payments are due on December 1, beginning on December 01, 2020. The Senior Loan matures on December 01, 2045. The District may prepay any additional principal payments due on the Senior Loan without penalty.

The proceeds from the Senior Loan were used to repay the Series 2015A and Series 2015B bonds in full and fund a portion of the costs related to completing this refinancing transaction. See note below for further details regarding the defeasance of the Series 2015A and Series 2015B bonds.

The Senior Loan is secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

These notes are an integral part of the accompanying financial statements.

- a) all property tax revenues generated by the imposition of the Senior Required Debt Mill Levy;
- b) all specific ownership taxes attributable to the Senior Required Debt Mill Levy;
- c) any other legally available amounts that the District determines, in its sole discretion, to credit to the Senior Loan.

The Senior Required Mill Levy is defined in the Senior Loan Agreement as a rate that is sufficient to pay the principal of and interest on the Senior Loan, but such rate cannot exceed the Maximum Mill Levy (see “Debt Authorization – Service Plan” below) as established in the District’s Service Plan.

The minimum annual principal payments and related interest payments due on the Senior Loan is as follows:

	Minimum Principal Payments	Planned Payments		
		Principal	Interest	Total
2024	\$ 40,000	\$ 100,000	\$ 118,140	\$ 218,140
2025	45,000	105,000	114,840	219,840
2026	50,000	115,000	111,375	226,375
2027	55,000	115,000	107,580	222,580
2028	60,000	125,000	103,785	228,785
2029 to 2033	385,000	715,000	453,090	1,168,090
2034 to 2038	575,000	910,000	323,235	1,233,235
2039 to 2043	815,000	1,135,000	158,565	1,293,565
2044 to 2045	650,000	260,000	8,580	268,580
		<b>\$3,580,000</b>	<b>\$ 1,499,190</b>	<b>\$ 5,079,190</b>

The District’s anticipates actual annual principal payments on the Senior Loan will exceed the minimum annual required principal payments. The District’s schedule of planned debt service payments to maturity is provided on page 19.

### Events of Default – Senior Loan Payable

The following events are considered events of default under the Senior Loan Agreement: (1) the principal of or interest on the Senior Loan is not paid when due, (2) the District fails to observe or perform any of the covenants, agreements, duties or conditions on the part of the District in the Indenture of Trust and such failure is not remedied to the satisfaction of the Lender within 30 days after the date on which the District receives notice from the Lender of such failure, (3) any representation or warranty made by the District in the Senior Loan Agreement proves to have been untrue or incomplete in any material respect when made or deemed made, (4) the District fails or refuses to impose the Required Mill Levy or to pay the Property Tax Revenue and Debt Service Specific Ownership Tax Revenue to the Trustee, (5) the occurrence and continuance of an event of non-compliance under the Authorizing Resolution, the Custodial Agreement, or the Tax Certificate after the expiration of any grace period or (ii) the occurrence and continuance of an event of default, event of termination or event of nonperformance under any Financing Document, (6) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$10,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay or satisfy such judgment or court order for sixty (60) days, (7) the District initiates, acquiesces or consents to any proceedings to dissolve the District or to consolidate the District with other similar entities into a

These notes are an integral part of the accompanying financial statements.

single entity or the District shall otherwise cease to exist, (8) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the Bank's reasonable judgment, will have a materially adverse impact on the sufficiency of the Pledged Revenue to satisfy the District's obligations under this Agreement or its other obligations, and the District fails to cure such condition within six months after receipt by the District of written notice thereof from the Bank, (9) the District commences any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors, (10) the Senior Loan Agreement, or any material provision hereof or thereof, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder fails to be fully enforceable with the priority required hereunder, (11) the auditor for the District delivers a qualified opinion with respect to the District's status as an on-going concern or (12) any funds or investments on deposit in, or otherwise to the credit of the Senior Loan Fund established in the Loan Agreement shall become subject to any writ, judgment, warrant or attachment, execution or similar process.

Available remedies to the Lender for an Event of Default are (1) apply all amounts as Collateral to the Senior Loan, (2) initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Senior Loan is not an available remedy for an Event of Default.

### **Series 2019B Subordinate Limited Tax G.O. Bonds (Series 2019B Bonds)**

On December 12, 2019, the District issued Subordinate Limited Tax G.O. Bonds, Series 2019B in the amount of \$464,000. The Series 2019B Bonds were issued at the compounding annual rate of 6.50% and are payable annually on December 15, beginning December 15, 2020, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

The Series 2019B Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all property taxes revenues generated by the imposition of the Subordinate Required Mill Levy;
- b) all specific ownership taxes attributable to the Subordinate Required Mill Levy;
- c) any other legally available moneys which the District determines, in its sole discretion, to credit to the Series 2019B Bonds.

The Subordinate Required Mill Levy is defined in the Series 2019B Bond Offering Document as the Maximum Mill Levy (see "Debt Authorization – Service Plan" below) less the Senior Required Mill Levy.

The Series 2019B are subject to redemption prior to maturity, at the option of the District on December 01, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

These notes are an integral part of the accompanying financial statements.

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2024, to December 14, 2025	3.0%	\$ 8,520
December 15, 2025, to December 14, 2026	2.0%	\$ 4,800
December 15, 2026, to December 14, 2027	1.0%	\$ 1,420
December 15, 2027, and thereafter	0.0%	\$ -

### Events of Default – Series 2019B Bonds

The following events are considered events of default under the bond indenture of trust: (1) The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Indenture of Trust and remitted all Pledged Revenues to the Trustee. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

### Debt Authorization

#### Debt Authorization – Service Plan

The District’s Service Plan authorizes the District to issue up to \$7 million in debt over a term not to exceed 40 years. The repayment of the District’s debt can exceed 40 years if the majority of the District’s Board are residents of the District and the District’s Board has voted in favor of refunding a part or all of the District’s debt (which must result in a net present value savings).

The District’s Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 40 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2004. As of January 1, 2004, the ratio was 7.96%. The ratio for 2023 was 7.15%, which caused the District’s Maximum Mill Levy for debt service for 2023 to be 44.531.

As of December 31, 2023, total remaining debt issuance authorization under the District’s Service Plan is \$2,876,970.

#### Debt Authorization – TABOR

On November 07, 2023, 174 of the District’s electors voted in an election (1) approving by a margin of 99% to eliminate all of the District’s remaining unused voter-authorized borrowing power and (2) approving by a margin of 97% to eliminate the District’s voter authority to enter into multiple fiscal year financial obligations with other entities.

These notes are an integral part of the accompanying financial statements.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorization Used				Remaining Authorized Debt
	Authorized Nov. 2015 Election	Series 2015A and 2015B Bonds	Senior Loan and Series 2019B Bonds	2023 Reverse TABOR Election	
Street improvements	\$7,000,000	(\$2,150,700)	(\$ 453,073)	(\$4,396,227)	\$ -
Park and recreational facilities	7,000,000	( 96,800)	( 136,138)	(6,767,062)	-
Water supply systems	7,000,000	( 301,800)	( 63,576)	(6,634,624)	-
Storm water / sanitary sewer systems	7,000,000	-760,700	( 160,243)	(6,079,057)	-
Public transportation systems	7,000,000	-	-	(7,000,000)	-
Mosquito control facilities and equipment	7,000,000	-	-	(7,000,000)	-
Traffic and safety controls	7,000,000	-	-	(7,000,000)	-
Fire protection facilities and equipment	7,000,000	-	-	(7,000,000)	-
Television and relay	7,000,000	-	-	(7,000,000)	-
Security service facilities and equipment	7,000,000	-	-	(7,000,000)	-
Intergovernmental agreements	7,000,000	-	-	(7,000,000)	-
Private agreements	7,000,000	-	-	(7,000,000)	-
Operations and maintenance	7,000,000	-	-	(7,000,000)	-
Special assessment-secured debt	7,000,000	-	-	(7,000,000)	-
Multiple-year service contracts	7,000,000	-	-	(7,000,000)	-
<b>Subtotal</b>	<b>105,000,000</b>	<b>( 3,310,000)</b>	<b>( 813,030)</b>	<b>(100,876,970)</b>	<b>-</b>
Refunding of debt	7,000,000	-	-	(7,000,000)	-
<b>Total</b>	<b>\$112,000,000</b>	<b>(\$ 3,310,000)</b>	<b>(\$ 813,030)</b>	<b>(\$107,876,970)</b>	<b>\$ -</b>

## NOTE 6 – NET POSITION (DEFICIT)

### Restricted Net Position

The District's restricted net position as of December 31, 2023 in the general fund, debt service fund and capital projects fund totaled \$4,800, \$26,807 and \$180,061, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the District's debt obligations. The

These notes are an integral part of the accompanying financial statements.

restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

### **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2023 in the general fund, debt service fund and capital project fund totaled \$4,571, \$0, and \$0, respectively. These balances were created due to the District prepaying certain 2024 expenses in 2023.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2023 totaled (\$3,436,004). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Arvada and the District.

### **NOTE 7 – RELATED PARTIES**

For the 12-month period ended December 31, 2023, all five directors serving on the District's board were residents of the District and reported no conflicts of interest arising from their participation on the District's board.

### **NOTE 8 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

### **NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS**

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

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

These notes are an integral part of the accompanying financial statements.

On November 7, 2023, District voters authorized the District to assess property taxes up to \$600,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

The \$600,000 voter-approved property tax limit may be adjusted to reflect changes in the Denver-Boulder CPI. As of December 31, 2023, the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder was 320.300.

On November 7, 2023, District voters repealed the District's voter authorization to assess property taxes up to \$5,000,000 annually, without limitation to rate, to pay the District's capital costs of public improvements.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

These notes are an integral part of the accompanying financial statements.

## SUPPLEMENTARY INFORMATION

**RICHARDS FARM METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 270,000	\$ 269,999	\$ (1)
Specific ownership taxes	20,000	19,322	(678)
Net investment income	500	16,419	15,919
<b>Total Revenues</b>	<u>290,500</u>	<u>305,740</u>	<u>15,240</u>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	11,000	10,551	449
Debt service			
Interest - Series 2019B bonds	24,000	23,530	470
Senior loan interest	121,300	121,275	25
Principal - Senior loan	95,000	95,000	-
Principal - Series 2019B bonds	37,000	37,000	-
<b>Total Expenditures</b>	<u>288,300</u>	<u>287,356</u>	<u>944</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,200</u>	<u>18,384</u>	<u>16,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>2,200</u>	<u>18,384</u>	<u>16,184</u>
<b>FUND BALANCE – BEGINNING</b>	<u>7,000</u>	<u>8,423</u>	<u>1,423</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 9,200</u>	<u>\$ 26,807</u>	<u>\$ 17,607</u>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
COLLECTION COST DETAILS - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
Collection fees – County Treasurer	\$ 4,100	\$ 4,051	\$ 49
Indirect collection cost allocation	-	-	-
Legal fees	-	-	-
Bond paying agent fees	6,500	6,500	-
Miscellaneous	400	-	400
<b>Total Direct and Indirect Collection Costs</b>	<b>\$ 11,000</b>	<b>\$ 10,551</b>	<b>\$ 449</b>

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

**RICHARDS FARM METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Net investment income	\$ -	\$ -	\$ -
Other	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	25,000	-	25,000
<b>Total Expenditures</b>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	40,000	40,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	15,000	40,000	25,000
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>140,100</u>	<u>140,061</u>	<u>(39)</u>
<b>FUND BALANCE – END OF YEAR</b>	<u><u>\$ 155,100</u></u>	<u><u>\$ 180,061</u></u>	<u><u>\$ 24,961</u></u>

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

## **OTHER SUPPLEMENTARY INFORMATION**

RICHARDS FARM METROPOLITAN DISTRICT  
**SCHEDULE OF PLANNED DEBT SERVICE PAYMENTS TO MATURITY**  
 December 31, 2023

The District's planned repayment schedule for its 2019 Loan and Series 2019B bonds is as follows:

Year Ended Dec. 31,	2019 Loan (Academy Bank) Original Amount: \$3,900,000			Series 2019B Bonds Original Amount: \$464,000			Total Planned Debt Payments		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 100,000	\$ 118,140	\$ 218,140	\$ 42,000	\$ 21,190	\$ 63,190	\$ 142,000	\$ 139,330	\$ 281,330
2025	105,000	114,840	219,840	44,000	18,460	62,460	149,000	133,300	282,300
2026	115,000	111,375	226,375	45,000	15,600	60,600	160,000	126,975	286,975
2027	115,000	107,580	222,580	53,000	12,675	65,675	168,000	120,255	288,255
2028	125,000	103,785	228,785	55,000	9,230	64,230	180,000	113,015	293,015
2029	130,000	99,660	229,660	58,000	5,655	63,655	188,000	105,315	293,315
2030	140,000	95,370	235,370	29,000	1,885	30,885	169,000	97,255	266,255
2031	140,000	90,750	230,750	-	-	-	140,000	90,750	230,750
2032	150,000	86,130	236,130	-	-	-	150,000	86,130	236,130
2033	155,000	81,180	236,180	-	-	-	155,000	81,180	236,180
2034	165,000	76,065	241,065	-	-	-	165,000	76,065	241,065
2035	170,000	70,620	240,620	-	-	-	170,000	70,620	240,620
2036	185,000	65,010	250,010	-	-	-	185,000	65,010	250,010
2037	190,000	58,905	248,905	-	-	-	190,000	58,905	248,905
2038	200,000	52,635	252,635	-	-	-	200,000	52,635	252,635
2039	205,000	46,035	251,035	-	-	-	205,000	46,035	251,035
2040	220,000	39,270	259,270	-	-	-	220,000	39,270	259,270
2041	225,000	32,010	257,010	-	-	-	225,000	32,010	257,010
2042	240,000	24,585	264,585	-	-	-	240,000	24,585	264,585
2043	245,000	16,665	261,665	-	-	-	245,000	16,665	261,665
2044	260,000	8,580	268,580	-	-	-	260,000	8,580	268,580
	<b>\$3,580,000</b>	<b>\$1,499,190</b>	<b>\$5,079,190</b>	<b>\$ 326,000</b>	<b>\$84,695</b>	<b>\$410,695</b>	<b>\$3,906,000</b>	<b>\$1,583,885</b>	<b>\$5,489,885</b>

RICHARDS FARM METROPOLITAN DISTRICT  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2020	\$ 5,864,004	32.530	44.531	\$ 451,964	\$ 451,104	99.80%
2021	5,896,431	27.644	44.298	424,200	424,188	99.99%
2022	6,508,150	23.693	41.486	424,200	424,195	99.99%
2023	6,329,585	24.725	42.656	426,500	426,501	100.0%
2024	7,493,587	20.885	36.031	426,500	[TBD]	[TBD]

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

RICHARDS FARM METROPOLITAN DISTRICT  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2023

	2022 Mill Levy *	2023 Mill Levy **	Change
Richards Farm Metropolitan District	67.381	56.916	(10.465)
Jefferson County School District	46.133	44.526	(1.607)
Jefferson County	26.978	26.978	-
Arvada Fire Protection District	14.893	15.728	0.835
Apex Park & Recreation District	4.618	4.454	(0.164)
City of Arvada	4.310	4.310	-
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.100	-
<b>Total Mill Levy</b>	<b>165.313</b>	<b>153.912</b>	<b>(11.401)</b>

\* -- For property tax collections in 2023

\*\* -- For property tax collections in 2024

RICHARDS FARM METROPOLITAN DISTRICT  
**HISTORICAL DEBT RATIOS**  
 December 31, 2023

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Obligation Bonds	\$ 464,000	\$ 430,000	\$ 399,000	\$ 363,000	\$ 326,000
Other TABOR debt	\$ 3,900,000	\$ 3,850,000	\$ 3,765,000	\$ 3,675,000	\$ 3,580,000
Combined assessed property values within the District	\$ 5,865,019	\$ 5,896,431	\$ 6,508,150	\$ 6,329,585	\$ 7,493,587
Ratio of debt to assessed property values	74.4%	72.6%	64.0%	63.8%	52.1%