

**SABELL METROPOLITAN DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**SABELL METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR’S REPORT	1
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 THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	29
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	30

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sabell Metropolitan District
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sabell Metropolitan District, Jefferson County, Colorado, as of and for the year ended December 31, 2023, which collectively comprise the Sabell Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sabell Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Sabell Metropolitan 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 GAAS 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 GAAS, 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 Sabell Metropolitan 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 Sabell Metropolitan 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 not presented 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 basis financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sabell Metropolitan District's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual are fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Debt Service Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
January 8, 2025
Centennial, Colorado

BASIC FINANCIAL STATEMENTS

**SABELL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 156,252
Cash and Investments - Restricted	902,178
Receivable - Operation Fees	2,160
Receivable from County Treasurer	1,346
Property Tax Receivable	583,313
Capital Assets:	
Capital Assets Not Being Depreciated	6,723,335
Total Assets	8,368,584
LIABILITIES	
Accounts Payable	26,272
Unearned Revenue	20,056
Accrued Interest Payable	721,527
Noncurrent Liabilities:	
Due Within One Year	15,000
Due in More Than One Year	10,317,990
Total Liabilities	11,100,845
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	583,313
Total Deferred Inflows of Resources	583,313
NET POSITION	
Restricted for:	
Emergency Reserve	5,500
Unrestricted	(3,321,074)
Total Net Position	\$ (3,315,574)

See accompanying Notes to Basic Financial Statements.

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

	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 134,027	\$ 105,282	\$ -	\$ -	\$ (28,745)
Interest on Long-Term Debt and Related Costs	591,498	-	-	-	(591,498)
Total Governmental Activities	<u>\$ 725,525</u>	<u>\$ 105,282</u>	<u>\$ -</u>	<u>\$ -</u>	(620,243)
GENERAL REVENUES					
Property Taxes					303,378
Specific Ownership Taxes					21,711
Interest Income					47,483
Total General Revenues					<u>372,572</u>
CHANGES IN NET POSITION					(247,671)
Net Position - Beginning of Year					<u>(3,067,903)</u>
NET POSITION - END OF YEAR					<u>\$ (3,315,574)</u>

See accompanying Notes to Basic Financial Statements.

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

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 19,744	\$ 136,508	\$ -	\$ -	\$ 156,252
Cash and Investments - Restricted	2,300	3,200	896,678	-	902,178
Receivable from County Treasurer	311	-	1,035	-	1,346
Receivable - Operation Fees	-	2,160	-	-	2,160
Property Tax Receivable	134,610	-	448,703	-	583,313
	<u>\$ 156,965</u>	<u>\$ 141,868</u>	<u>\$ 1,346,416</u>	<u>\$ -</u>	<u>\$ 1,645,249</u>
Total Assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 14,929	\$ 11,343	\$ -	\$ -	\$ 26,272
Unearned Revenue	-	20,056	-	-	20,056
Total Liabilities	<u>14,929</u>	<u>31,399</u>	<u>-</u>	<u>-</u>	<u>46,328</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	134,610	-	448,703	-	583,313
Total Deferred Inflows of Resources	<u>134,610</u>	<u>-</u>	<u>448,703</u>	<u>-</u>	<u>583,313</u>
FUND BALANCES					
Restricted for:					
Emergency Reserves	2,300	3,200	-	-	5,500
Debt Service	-	-	897,713	-	897,713
Committed:					
Operations	-	107,269	-	-	107,269
Unassigned	5,126	-	-	-	5,126
Total Fund Balances	<u>7,426</u>	<u>110,469</u>	<u>897,713</u>	<u>-</u>	<u>1,015,608</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 156,965</u>	<u>\$ 141,868</u>	<u>\$ 1,346,416</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

6,723,335

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

Bond Payable	(9,575,336)
Accrued Interest on Bonds Payable	(675,173)
Notes Payable	(533,000)
Accrued Interest on Notes Payable	(46,354)
Developer Advance Payable	(188,390)
Accrued Interest on Developer Advance	(36,264)
	<u>(10,754,517)</u>

Net Position of Governmental Activities

\$ (3,315,574)

See accompanying Notes to Basic Financial Statements.

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

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property Taxes	\$ 70,008	\$ -	\$ 233,370	\$ -	\$ 303,378
Specific Ownership Taxes	5,010	-	16,701	-	21,711
Operations Fees	-	105,282	-	-	105,282
Interest Income	36	-	47,447	-	47,483
Total Revenues	<u>75,054</u>	<u>105,282</u>	<u>297,518</u>	<u>-</u>	<u>477,854</u>
EXPENDITURES					
Current:					
Accounting	30,074	-	-	-	30,074
Auditing	5,800	-	-	-	5,800
County Treasurer's Fee	1,051	-	3,503	-	4,554
District Management	-	36,695	-	-	36,695
Dues And Membership	336	-	-	-	336
Election	3,736	-	-	-	3,736
Insurance	4,491	-	-	-	4,491
Landscaping	-	1,316	-	-	1,316
Legal	34,847	-	-	-	34,847
Miscellaneous	-	900	-	-	900
Snow Removal	-	14,780	-	-	14,780
Debt Service:					
Bond Interest	-	-	369,750	-	369,750
Paying Agent Fees	-	-	7,400	-	7,400
Total Expenditures	<u>80,335</u>	<u>53,691</u>	<u>380,653</u>	<u>-</u>	<u>514,679</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,281)	51,591	(83,135)	-	(36,825)
OTHER FINANCING SOURCES (USES)					
Developer Advance	10,000	-	-	-	10,000
Total Other Financing Sources	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	4,719	51,591	(83,135)	-	(26,825)
Fund Balances - Beginning of Year	<u>2,707</u>	<u>58,878</u>	<u>980,848</u>	<u>-</u>	<u>1,042,433</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,426</u>	<u>\$ 110,469</u>	<u>\$ 897,713</u>	<u>\$ -</u>	<u>\$ 1,015,608</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (26,825)

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

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

Developer Advance (10,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable on Bonds and Notes - Change in Liability (215,098)

Accrued Interest Payable on Developer Advance - Change in Liability (15,056)

Amortization of Bond Premium 19,308

Changes in Net Position of Governmental Activities \$ (247,671)

**SABELL METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 70,008	\$ 70,008	\$ -
Specific Ownership Taxes	4,901	5,010	109
Interest Income	-	36	36
Total Revenues	<u>74,909</u>	<u>75,054</u>	<u>145</u>
EXPENDITURES			
Accounting	35,000	30,074	4,926
Auditing	5,750	5,800	(50)
Contingency	2,700	-	2,700
County Treasurer's Fee	1,050	1,051	(1)
Dues And Membership	500	336	164
Election	2,500	3,736	(1,236)
Insurance	5,000	4,491	509
Legal	37,500	34,847	2,653
Total Expenditures	<u>90,000</u>	<u>80,335</u>	<u>9,665</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,091)	(5,281)	9,810
OTHER FINANCING SOURCES (USES)			
Developer Advance	15,000	10,000	(5,000)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>10,000</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	(91)	4,719	4,810
Fund Balance - Beginning of Year	<u>5,483</u>	<u>2,707</u>	<u>(2,776)</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,392</u>	<u>\$ 7,426</u>	<u>\$ 2,034</u>

See accompanying Notes to Basic Financial Statements.

**SABELL METROPOLITAN DISTRICT
SPECIAL REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Operations Fees	\$ 83,880	\$ 105,282	\$ 21,402
Total Revenues	<u>83,880</u>	<u>105,282</u>	<u>21,402</u>
EXPENDITURES			
District Management	24,000	36,695	(12,695)
Landscaping	30,000	1,316	28,684
Miscellaneous	1,000	900	100
Repairs And Maintenance	5,000	-	5,000
Snow Removal	25,000	14,780	10,220
Trash Collection	10,000	-	10,000
Utilities	5,000	-	5,000
Total Expenditures	<u>100,000</u>	<u>53,691</u>	<u>46,309</u>
NET CHANGE IN FUND BALANCE	(16,120)	51,591	67,711
Fund Balance - Beginning of Year	<u>49,478</u>	<u>58,878</u>	<u>9,400</u>
FUND BALANCE - END OF YEAR	<u>\$ 33,358</u>	<u>\$ 110,469</u>	<u>\$ 77,111</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Sabell Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Jefferson County, Colorado on January 24, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized as Sabell Metropolitan District No. 1, and subsequently on December 12, 2019, pursuant to an order of the District Court for the County of Jefferson, the District's name was changed to Sabell Metropolitan District.

At a special election of the eligible electors of the District held on November 6, 2018, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. 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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (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 as general revenues.

Separate financial statements are provided for the 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 Special Revenue Fund is used to account for Operations Fees received and expenditures incurred in connection with operations and maintenance of the District.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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.

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, sale 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.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets component of the District's net position.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

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	\$ 156,252
Cash and Investments - Restricted	902,178
Total Cash and Investments	\$ 1,058,430

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

Deposits with Financial Institutions	\$ 164,712
Investments	893,718
Total Cash and Investments	\$ 1,058,430

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 102% of the aggregate uninsured deposits.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (Continued)

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 and carrying balance of \$164,172.

Investments

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

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 893,718</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

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

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

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

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

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the District’s capital assets for the year ended December 31, 2023, follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Type Activities:				
Capital Assets Not Being Depreciated	\$ 6,723,335	\$ -	\$ -	\$ 6,723,335
Total Capital Assets, Not Being Depreciated	<u>\$ 6,723,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,723,335</u>

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Government Activities					
Bonds Payable:					
Limited Tax General					
Obligation Bonds:					
Series 2020A	\$ 7,395,000	\$ -	\$ -	\$ 7,395,000	\$ 15,000
Series 2020A - Premium	383,644	-	19,308	364,336	-
Series 2020B(3)	1,816,000	-	-	1,816,000	-
Subtotal Bonds Payable	9,594,644	-	19,308	9,575,336	15,000
Notes/Loans/Bonds from Direct					
Borrowings and Direct Placements:					
Nonrevolving Line of Credit Note					
Series 2022	533,000	-	-	533,000	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	533,000	-	-	533,000	-
Other Debts:					
Developer Advances:					
Operational	174,157	10,000	-	184,157	-
Capital	4,233	-	-	4,233	-
Accrued Interest on					
Developer Advances:					
Operational	20,971	14,717	-	35,688	-
Capital	237	339	-	576	-
Subtotal Other Debts	199,598	25,056	-	224,654	-
Total Long-Term Obligations	<u>\$ 10,327,242</u>	<u>\$ 25,056</u>	<u>\$ 19,308</u>	<u>\$ 10,332,990</u>	<u>\$ 15,000</u>

The details of the District's general obligation bonds outstanding are as follows:

Bond Proceeds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A on March 5, 2020, in the par amount of \$7,395,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) on March 5, 2020, in the par amount of \$1,816,000 (the Subordinate Bonds). Proceeds from the sale of the Senior Bonds were used to: (i) finance public improvements related to the Development; (ii) fund capitalized interest on the Senior Bonds; (iii) partially fund the Senior Surplus Fund; and (iv) pay the costs of issuance of the Senior Bonds and certain costs of issuance of the Subordinate Bonds. Proceeds from the sale of the Subordinate Bonds were used to finance additional public improvements related to the Development.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details

The Senior Bonds bear interest at 5.0%, payable semi-annually to the extent of Senior Pledged Revenue available on June 1 and December 1 (Interest Payment Dates), beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Bonds mature on December 1, 2050. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Senior Bond, subject to discharge on December 2, 2060. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Senior Bonds, subject to discharge on December 2, 2060. Any amount of unpaid principal of or interest on the 2020A Senior Bonds shall be deemed discharged on December 2, 2060. The Senior Bonds are not subject to early termination. The Senior Bonds are not subject to acceleration. The Senior Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Senior Bonds.

Senior Pledged Revenue

The Senior Bonds are secured by and payable from the Senior Pledged Revenue, which means the moneys derived by the District from the following sources, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior Required Mill Levy

Pursuant to the Senior Indenture, prior to the Conversion Date the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient pay the Senior Bonds as they come due, but (i) not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2017), and (ii) for so long as the Senior Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds as they come due and will fund the Senior Surplus Fund up to the Maximum Surplus Amount.

On and after the Conversion Date, the Senior Required Mill Levy will be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable and, without limitation of rate and in amounts sufficient to make such payments and replenishments when due. Conversion Date means the date that the Debt to Assessed Ratio is 50% or less and no payments of principal or interest on the Bonds are past due and the amount on deposit in the Senior Surplus Fund is not less than the initial deposit in the Senior Surplus Fund.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025 to February 28, 2026	3.00%
March 1, 2026 to February 28, 2027	2.00
March 1, 2017 to February 28, 2028	1.00
March 1, 2018, and Thereafter	0.00

Additional Security for Senior Bonds

The Senior Surplus Fund was partially funded from Senior Bond proceeds in the amount of \$575,000. Prior to the Conversion Date, excess Senior Pledged Revenue in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Senior Surplus Amount of \$1,479,000. Per the Senior Indenture, the Senior Surplus Fund will be terminated on the Conversion Date and any moneys therein applied to the payment of the Subordinate Bonds and thereafter, to any legal purpose of the District. The balance in the Senior Surplus Fund as of December 31, 2023, is \$827,490.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the Senior Required Mill Levy, or to apply the Pledged Revenues as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

Subordinate Bonds Details

The Subordinate Bonds bear interest at a rate of 8.25% per annum and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the Subordinate Bonds prior to their maturity date. Instead, principal is payable on each December 15 from the available Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption. Interest on the Subordinate Bonds is payable on each December 15, commencing December 15, 2020, to the extent of the Subordinate Pledged Revenue and accrued unpaid interest on the Subordinate Bonds will compound annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment. Payment of principal of and interest on the Subordinate Bonds is subordinate to the annual payment of debt service on the Senior Bonds and to the funding of the Senior Surplus Fund. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid on December 16, 2060, the Subordinate Bonds will be deemed discharged. The Subordinate Bonds are not subject to acceleration. The Subordinate Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Subordinate Bonds.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default of the Subordinate Bonds

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Pledged Revenues as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025 to February 28, 2026	3.00%
March 1, 2026 to February 28, 2027	2.00
March 1, 2017 to February 28, 2028	1.00
March 1, 2018, and Thereafter	0.00

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County, which includes: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from the Subordinate Required Mill Levy; (c) the amounts, if any, in the Senior Surplus Fund released to the District pursuant to the Senior Indenture; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy in the amount of (i) 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2017) less the Senior Bond Required Mill Levy. It is the intent that if the amount of the Senior Required Mill Levy equals or exceeds 50 mills in any year, adjusted for changes, the Subordinate Required Mill Levy for that year shall be zero.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 15,000	\$ 369,750	\$ 384,750
2025	85,000	369,000	454,000
2026	95,000	364,750	459,750
2027	100,000	360,000	460,000
2028	115,000	355,000	470,000
2029-2033	730,000	1,679,500	2,409,500
2034-2038	1,070,000	1,464,750	2,534,750
2039-2043	1,510,000	1,155,250	2,665,250
2044-2048	2,075,000	723,750	2,798,750
2049-2050	1,600,000	135,250	1,735,250
Total	<u>\$ 7,395,000</u>	<u>\$ 6,977,000</u>	<u>\$ 14,372,000</u>

The annual debt service requirements on the Subordinate Bonds are not included in the schedule above since they are payable only from available Subordinate Pledged Revenue.

The details of the District's Nonrevolving Line of Credit Note outstanding are as follows:

Note Proceeds

The District issued Subordinate Nonrevolving Line of Credit Note, Series 2022, on April 19, 2022 with a not to exceed amount of \$3,700,000 (the Note). Proceeds from issuing the Note are used to reimburse Advances to the District by the Developer and to finance additional public improvements related to the Development. The initial principal balance of the Note is \$533,000 and remains outstanding as of as of December 31, 2023.

Note Details

The Note shall be a nonrevolving line of credit, and principal shall be increased as Advances are made pursuant to the terms of the Note Resolution. The Note is dated as of April 19, 2022. The Note bears interest at the rate of 5.00% per annum, each computed for actual days elapsed on the basis of a 365-day year, payable annually to the extent of any Pledged Revenue available thereunder, on each December 16th, commencing on December 16, 2022, and matures on December 16, 2052. On the date where costs of the Public Improvements are verified, the principal balance of the Note can be increased by the amount of such Advances and the District shall record such Advances on Schedule 1 of the Note. The initial principal balance of the Note is \$533,000 and remains outstanding as of December 31, 2023.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Note Details (Continued)

To the extent principal of the Note is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 16, 2060. To the extent interest on the Note is not paid when due, such interest shall accrue as simple interest at the rate then borne by the Note, subject to discharge on December 16, 2060. The Note and interest thereon shall be deemed paid, satisfied, and discharged on December 16, 2060, regardless of the amount of principal and interest paid prior to the Note Termination Date. The Note is not subject to acceleration. The Note has \$3,167,000 of unused line of credit. No assets have been pledged as collateral on the Note.

Note Pledged Revenue

The Note, together with the interest thereon, shall be secured by the District's covenant to apply the Pledged Revenue pursuant to the Note Resolution, and shall be payable solely out of Pledged Revenue. The Pledged Revenue is moneys derived by the District from the Required Mill Levy, including the Specific Ownership Taxes, after payment of any costs of collection. The Note shall constitute an irrevocable lien on the Pledged Revenue, but not an exclusive lien, subordinate to the lien thereon of the Senior Obligations (if any) and the Pledged Revenue is hereby pledged to the payment of the Note on such subordinate basis. Amounts due and owing on the Note, shall be paid on a basis subordinate to the lien thereon of the Senior Obligations, if any.

Note Required Mill Levy

The Required Mill Levy is an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in the amount of 50 mills less the amounts of the Senior Required Mill Levy, without adjustment for changes in the method of calculating assessed valuation or for any other reason, less any mill levy required to be imposed in the applicable year for Senior Obligations, provided, however, in no event may the Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Events of Default of the Note

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Note Resolution and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Note Resolution.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Note Optional and/or Mandatory Redemption

The Note is subject to redemption prior to maturity, at the option of the District, as a whole or in part, and if in part by lot, on any date, upon payment of par and accrued interest, without redemption premium. The Note is subject to mandatory redemption in part by lot on December 16 of each year (each a Mandatory Redemption Date) to the extent of moneys on deposit, if any, in the Mandatory Redemption Account on November 1 of each year, at a redemption price (the Mandatory Redemption Price) equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 6, 2018 Election	Authorization Used Series 2020	Authorization Used Series 2022	Remaining at December 31, 2023
Public Improvements	\$ 300,000,000	\$ 9,211,000	\$ 533,000	\$ 290,256,000
Operations and Maintenance	30,000,000	-	-	30,000,000
Intergovernmental Agreements	30,000,000	-	-	30,000,000
Refunding	300,000,000	-	-	300,000,000
Total	<u>\$ 660,000,000</u>	<u>\$ 9,211,000</u>	<u>\$ 533,000</u>	<u>\$ 650,256,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$30,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

NOTE 6 NET POSITION

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

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

Restricted Net Position:	Governmental Activities
Emergencies	\$ 5,500
Total Restricted Net Position	<u>\$ 5,500</u>

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

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. This deficit is primarily due to costs of bonds issuance, interest paid on bonds to date, and operating expenses paid by advances from Developer.

NOTE 7 AGREEMENTS

Amended and Restated Intergovernmental Agreement with the City of Arvada

Pursuant to the Amended and Restated Intergovernmental Agreement with the city of Arvada dated December 7, 2020, the District shall dedicate the Public Improvements, as defined in the Service Plan, to the city or other appropriate jurisdiction or owners' association in a manner consistent with the approved development plans and other rules and regulations of the city and applicable provisions of the City Code. The District shall be authorized to operate and maintain any part or all of the Public Improvements which are not dedicated to the city or other appropriate jurisdiction, including park and recreation improvements, without the consent of the city, in accordance with the approved development plans. The Agreement also restates and affirms certain of the obligations and limitations set forth in the District's Service Plan.

Further, the District agreed to fund \$1,174,787 (Regional Contribution), towards regionally significant improvements associated with the impacts to the city of the development within the District. The Regional Contribution was paid from bond proceeds in 2021. The city agreed that it shall use the Regional Contribution to fund Regional Improvements that shall be owned, operated and maintained by a public entity, and shall be limited to sanitation, water, streets, safety protection, fire protection, parks and recreation, transportation, and mosquito control improvements and facilities.

NOTE 8 RELATED PARTIES

The property within the District is being developed by Ridge Road Capital Investment LLC (the Developer). During 2023, a majority of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Public Improvement Acquisition and Reimbursement Agreement

The District and the Developer entered into a Public Improvement Acquisition and Reimbursement Agreement on November 13, 2019. Pursuant to the Agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the Property, subject to the limitations set forth in the Service Plan and the Special District Act.

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

NOTE 8 RELATED PARTIES (CONTINUED)

Public Improvement Acquisition and Reimbursement Agreement (Continued)

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 20 years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of eight percent (8%) per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District. No payment is due until the District has adopted an Acceptance Resolution.

As of December 31, 2023, outstanding advances under this Agreement totaled \$4,233 and accrued interest totaled \$576.

Funding and Reimbursement Agreement (Operations and Maintenance)

The District and the Developer entered into a Funding and Reimbursement Agreement on November 13, 2019, the First Amendment on October 20, 2021, and the Second Amendment on October 19, 2022, for the purpose of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money, not to exceed an aggregate of \$200,000 through December 31, 2023. Thereafter, the Developer may agree to renew its obligations by providing written notice thereof to the District, in which case the termination date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 20 years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 8% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2023, outstanding advances under this Agreement totaled \$184,157 and accrued interest totaled \$35,688.

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

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION

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

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

On November 6, 2018, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

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

SUPPLEMENTARY INFORMATION

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 233,369	\$ 233,370	\$ 1
Specific Ownership Taxes	16,336	16,701	365
Interest Income	36,800	47,447	10,647
Total Revenues	<u>286,505</u>	<u>297,518</u>	<u>11,013</u>
EXPENDITURES			
County Treasurer's Fee	3,501	3,503	(2)
Paying Agent Fees	7,000	7,400	(400)
Bond Interest	369,750	369,750	-
Contingency	4,749	-	4,749
Total Expenditures	<u>385,000</u>	<u>380,653</u>	<u>4,347</u>
NET CHANGE IN FUND BALANCE	(98,495)	(83,135)	15,360
Fund Balance - Beginning of Year	<u>968,349</u>	<u>980,848</u>	<u>12,499</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 869,854</u></u>	<u><u>\$ 897,713</u></u>	<u><u>\$ 27,859</u></u>

**SABELL METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	4,000,000	-	4,000,000
Total Expenditures	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,000,000)	-	4,000,000
OTHER FINANCING SOURCES (USES)			
Developer Advance	4,000,000	-	(4,000,000)
Total Other Financing Sources (Uses)	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

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

\$7,395,000 General Obligation Limited Tax Bonds
Series 2020A Senior Bond Issue, Dated March 5, 2020
Interest Rate 5.000%

<u>Year Ending December 31,</u>	Interest Payable June 1 and December 1		
	Principal	Interest	Total
2024	\$ 15,000	\$ 369,750	\$ 384,750
2025	85,000	369,000	454,000
2026	95,000	364,750	459,750
2027	100,000	360,000	460,000
2028	115,000	355,000	470,000
2029	120,000	349,250	469,250
2030	135,000	343,250	478,250
2031	145,000	336,500	481,500
2032	160,000	329,250	489,250
2033	170,000	321,250	491,250
2034	185,000	312,750	497,750
2035	195,000	303,500	498,500
2036	215,000	293,750	508,750
2037	225,000	283,000	508,000
2038	250,000	271,750	521,750
2039	260,000	259,250	519,250
2040	285,000	246,250	531,250
2041	300,000	232,000	532,000
2042	325,000	217,000	542,000
2043	340,000	200,750	540,750
2044	370,000	183,750	553,750
2045	385,000	165,250	550,250
2046	415,000	146,000	561,000
2047	435,000	125,250	560,250
2048	470,000	103,500	573,500
2049	495,000	80,000	575,000
2050	1,105,000	55,250	1,160,250
Total	\$ 7,395,000	\$ 6,977,000	\$ 14,372,000

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

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2020	\$ 286	72.363	0.000	\$ 21	\$ 21	100.00 %
2021	1,493,200	16.699	55.664	108,052	108,055	100.00 %
2022	3,289,422	16.699	55.664	238,032	238,034	100.00 %
2023	4,351,865	16.087	53.625	303,377	303,378	100.00 %
Estimated for Year Ending <u>December 31,</u>						
2024	\$ 6,915,416	19.466	64.887	\$ 583,313		