

**REGENCY
METROPOLITAN DISTRICT**

Financial Statements

December 31, 2024

with
Independent Auditors' Report

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Independent Auditors' Report

Board of Directors
Regency Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Regency Metropolitan District (the “District”) as of and for the year ended December 31, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are 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 financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Simmons & Wheeler P.C.

Englewood, CO
May 13, 2025

REGENCY METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 46,526	\$ -	\$ 46,526	\$ -	\$ 46,526
Cash and investments - restricted	5,896	343,903	349,799	-	349,799
Receivable - County Treasurer	1,194	1,476	2,670	-	2,670
Property taxes receivable	<u>181,267</u>	<u>216,398</u>	<u>397,665</u>	<u>-</u>	<u>397,665</u>
Total Assets	<u>234,883</u>	<u>561,777</u>	<u>796,660</u>	<u>-</u>	<u>796,660</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,561</u>	<u>68,561</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,561</u>	<u>68,561</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 234,883</u>	<u>\$ 561,777</u>	<u>\$ 796,660</u>		
LIABILITIES					
Accounts payable	\$ 6,781	\$ -	\$ 6,781	-	6,781
Accrued interest on bonds	-	-	-	15,271	15,271
Long-term liabilities:					
Due within one year	-	-	-	60,000	60,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,812,431</u>	<u>3,812,431</u>
Total Liabilities	<u>6,781</u>	<u>-</u>	<u>6,781</u>	<u>3,887,702</u>	<u>3,894,483</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>181,267</u>	<u>216,398</u>	<u>397,665</u>	<u>-</u>	<u>397,665</u>
Total Deferred Inflows of Resources	<u>181,267</u>	<u>216,398</u>	<u>397,665</u>	<u>-</u>	<u>397,665</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Restricted:					
Emergencies	5,896	-	5,896	(5,896)	-
Debt service	-	345,379	345,379	(345,379)	-
Assigned:					
Subsequent years disbursements	19,667	-	19,667	(19,667)	-
Unassigned	<u>21,272</u>	<u>-</u>	<u>21,272</u>	<u>(21,272)</u>	<u>-</u>
Total Fund Balances	<u>46,835</u>	<u>345,379</u>	<u>392,214</u>	<u>(392,214)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 234,883</u>	<u>\$ 561,777</u>	<u>\$ 796,660</u>		
Net Position:					
Net investment in capital assets				(3,803,870)	(3,803,870)
Restricted for:					
Emergencies				5,896	5,896
Debt service				330,108	330,108
Unrestricted				<u>40,939</u>	<u>40,939</u>
Total Net Position				<u>\$ (3,426,927)</u>	<u>\$ (3,426,927)</u>

The notes to the financial statements are an integral part of these statements.

REGENCY METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES					
Accounting	\$ 18,516	\$ -	\$ 18,516	\$ -	\$ 18,516
Audit	5,200	-	5,200	-	5,200
Election expense	45	-	45	-	45
Insurance	4,898	-	4,898	-	4,898
Legal	15,230	-	15,230	-	15,230
Miscellaneous expenses	929	-	929	-	929
Treasurer's fees	2,716	3,357	6,073	-	6,073
Website	455	-	455	-	455
Bond principal	-	55,000	55,000	(55,000)	-
Bond interest expense	-	186,000	186,000	3,110	189,110
Paying agent fees	-	3,500	3,500	-	3,500
Developer repayment - capital	<u>145,000</u>	<u>-</u>	<u>145,000</u>	<u>(145,000)</u>	<u>-</u>
Total Expenditures/Expenses	<u>192,989</u>	<u>247,857</u>	<u>440,846</u>	<u>(196,890)</u>	<u>243,956</u>
GENERAL REVENUES					
Property taxes	177,540	219,491	397,031	-	397,031
Specific ownership taxes	13,321	16,468	29,789	-	29,789
Backfill taxes	7,704	-	7,704	-	7,704
Interest income	<u>4,915</u>	<u>22,124</u>	<u>27,039</u>	<u>-</u>	<u>27,039</u>
Total General Revenues	<u>203,480</u>	<u>258,083</u>	<u>461,563</u>	<u>-</u>	<u>461,563</u>
NET CHANGES IN FUND BALANCES	10,491	10,226	20,717	(20,717)	
CHANGE IN NET POSITION				217,607	217,607
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>36,344</u>	<u>335,153</u>	<u>371,497</u>	<u>(4,016,031)</u>	<u>(3,644,534)</u>
END OF YEAR	<u>\$ 46,835</u>	<u>\$ 345,379</u>	<u>\$ 392,214</u>	<u>\$ (3,819,141)</u>	<u>\$ (3,426,927)</u>

The notes to the financial statements are an integral part of these statements.

REGENCY METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 177,839	\$ 177,839	\$ 177,540	\$ (299)
Specific ownership taxes	8,892	8,892	13,321	4,429
Backfill taxes	7,758	7,758	7,704	(54)
Interest income	<u>3,000</u>	<u>3,000</u>	<u>4,915</u>	<u>1,915</u>
Total Revenues	<u>197,489</u>	<u>197,489</u>	<u>203,480</u>	<u>5,991</u>
EXPENDITURES				
Accounting	19,000	19,000	18,516	484
Audit	4,700	4,700	5,200	(500)
Election expense	1,000	1,000	45	955
Insurance	5,300	5,300	4,898	402
Legal	21,000	21,000	15,230	5,770
Miscellaneous expenses	1,350	1,350	929	421
Treasurer's fees	2,668	2,668	2,716	(48)
Website	-	-	455	(455)
Developer repayment - capital	125,000	145,000	145,000	-
Contingency	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>190,018</u>	<u>210,018</u>	<u>192,989</u>	<u>17,029</u>
NET CHANGE IN FUND BALANCE	7,471	(12,529)	10,491	23,020
FUND BALANCE:				
BEGINNING OF YEAR	<u>23,666</u>	<u>36,344</u>	<u>36,344</u>	<u>-</u>
END OF YEAR	<u>\$ 31,137</u>	<u>\$ 23,815</u>	<u>\$ 46,835</u>	<u>\$ 23,020</u>

The notes to the financial statements are an integral part of these statements.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Regency Metropolitan District, (“the District”), located in the Town of Parker, Douglas County, Colorado, (“the County”); conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on May 25, 2006, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

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

On October 9, 2024, the District amended its total appropriations in the General Fund from \$190,018 to \$210,018 primarily due to the increase in the developer repayment over the amount budgeted.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one type of item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2024.

It is the policy of the Town of Parker to accept the maintenance responsibility for streets and drainage facilities within the Town of Parker only after a probationary period following completion of construction. Upon final acceptance of the improvements by the Town of Parker, the District removed the cost of construction from its Statement of Net Assets. The District will retain the landscaping of the common areas containing park equipment.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The playground equipment was depreciated using a straight-line method over the following estimated useful lives and was fully depreciated as of December 31, 2024:

Parks, equipment:	10 years
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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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Loss on Refunding

The Deferred Loss on Refunding on the Series 2019 Bonds is being amortized over the term of the refunded loan using the straight-line method. Accumulated amortization on the loss on refunding amounted to \$68,870 at December 31, 2024.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$5,896 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$345,379 is restricted for the payment of the debt service costs associated with the Series 2019 Bonds (see Note 4).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2025.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 46,526
Cash and investments - Restricted	<u>349,799</u>
Total	<u>\$ 396,325</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 9,371
Investments - COLOTRUST	<u>386,954</u>
	<u>\$ 396,325</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

Credit risk

The District has adopted a formal investment policy and follows the state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2024, the District had the following investments:

COLOTRUST

As of December 31, 2024, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the next asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor's. At December 31, 2024, the District had \$386,954 invested in COLOTRUST PLUS+.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Note 3: Capital Assets

An analysis of the changes in fixed assets for the period ended December 31, 2024, follows:

Governmental Type Activities:	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<u>Capital assets being depreciated:</u>				
Parks, equipment	\$ 80,000	\$ -	\$ -	\$ 80,000
Total capital assets being depreciated	80,000	-	-	80,000
<u>Accumulated Depreciation:</u>				
Parks, equipment	(80,000)	-	-	(80,000)
Total accumulated depreciation	(80,000)	-	-	(80,000)
Net capital assets being depreciated	-	-	-	-
Government type assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Town of Parker has accepted conveyance of the street improvements. The Regency Homeowners Association will maintain the park and landscaping improvements in the common areas.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

\$3,720,000 General Obligation Limited Tax Refunding Bonds, Series 2019

On June 21, 2019, the District issued \$3,720,000 General Obligation Limited Tax Refunding Bonds, Series 2019 (“Series 2019 Bonds”) for the purpose of refunding the Series 2015 Note, paying the costs of issuance of the Series 2019 Bonds and cost incurred in connection with the refunding of the Series 2015 Note, and funding the Reserve Fund. The Series 2019 Bonds bear interest at the rate of 5.0%, payable semiannually on each June 1 and December 1, commencing on December 1, 2019, and mature on December 1, 2046. The Series 2019 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2024 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on June 1, 2024, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The Series 2019 Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2019 Bonds are also secured by the Reserve Fund. At the date of issuance, the Reserve Fund was funded in the amount of \$302,000.

The Series 2019 Bonds were issued to retire the Series 2015 Loan which had a balloon maturity on December 1, 2020.

Events of Default as defined in the Series 2019 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2019 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2019 Bonds is not an available remedy for an Event of Default.

Operation Funding Agreement

On June 20, 2006, the District entered into a 2006 – 2007 Operation Funding Agreement with BCX Development Partners #1, LLC (the Developer). The District anticipated that it would not have sufficient funds to make the payment of its operations and maintenance expenses in fiscal years 2006 and 2007; therefore pursuant to this agreement the Developer would advance funds to meet any shortfalls. The advances earn interest from the date the moneys are deposited into the District's account at the rate of the Prime Interest Rate plus 1%. On October 17, 2006, this agreement was amended and restated to extend the shortfall dates for the years 2006 through December 31, 2009 ("Amended and Restated OFA"). The Developer agreed to advance up to \$175,000 to the District for operation and maintenance shortfalls through December 31, 2009.

As of December 31, 2024, the outstanding principal amount the District owed the Developer was \$0, and the total accrued interest was \$0.

The District has agreed to repay the Developer advances and accrued interest subject to the availability of funds and subject to annual appropriation. Pursuant to the October 18, 2016, First Amendment to the Amended and Restated OFA, payments shall credit first against the principal amount due and then against the accrued and unpaid interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement terminates on December 31, 2031, or when all amounts due to the Developer under the agreement have been repaid, whichever is earlier.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Project Funding and Reimbursement Agreement

On June 20, 2006, the District entered into a Project Funding and Reimbursement Agreement (“PFRA”) with the Developer. The Developer has agreed to advance funds to the District for the design, construction and completion of the infrastructure improvements within the District outlined in the Service Plan.

The District has agreed to repay the Developer advances and accrued interest, at the rate of prime plus 1%, subject to the availability of funds and subject to annual appropriation. Pursuant to the October 18, 2016, First Amendment to the PFRA, payments shall credit first against the principal amount due and then against the accrued and unpaid interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement terminates on December 31, 2046, or when all amounts due to the Developer under the agreement have been repaid, whichever is earlier.

As of December 31, 2024, the outstanding principal amount the District owed the Developer was \$0, and the total accrued interest was \$145,198.

The following is an analysis of changes in long-term debt for the period ended December 31, 2024:

	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2024</u>	<u>Current</u> <u>Portion</u>
<u>General Obligation Bonds:</u>					
Series 2019 Bonds	\$ 3,720,000	\$ -	\$ 55,000	\$ 3,665,000	\$ 60,000
Series 2019 Bonds - Premium	66,511	-	4,278	62,233	-
	3,786,511	-	59,278	3,727,233	60,000
<u>Other</u>					
Devel Adv - Capital					
Accrued Int.	290,198	-	145,000	145,198	-
	290,198	-	145,000	145,198	-
Total	<u>4,076,709</u>	<u>\$ -</u>	<u>\$ 204,278</u>	<u>\$ 3,872,431</u>	<u>\$ 60,000</u>

There are no unused Lines of Credit as of December 31, 2024.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

The following is a summary of the annual long-term debt principal and interest payment requirements for the Series 2019 Bonds as of December 31, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 60,000	\$ 183,250	\$ 243,250
2026	70,000	180,250	250,250
2027	75,000	176,750	251,750
2028	85,000	173,000	258,000
2029	90,000	168,750	258,750
2030 - 2034	570,000	768,000	1,338,000
2035 - 2039	790,000	605,250	1,395,250
2040 - 2044	1,085,000	379,750	1,464,750
2044 - 2046	<u>840,000</u>	<u>71,000</u>	<u>911,000</u>
	<u>\$ 3,665,000</u>	<u>\$ 2,706,000</u>	<u>\$ 6,371,000</u>

Debt Authorization

At elections held in 2006, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness, for public improvements in the amount of \$3,200,000. The District’s Service Plan has a total debt limit of \$3,200,000 (the “Service Plan Debt Limit”), which does not apply to refunding debt. The remaining voted debt authorization and remaining Service Plan Debt Limit for public improvements is \$119. The District did not budget for any issuance of debt in 2025.

Note 5: Related Parties

The majority of the Board members of the District are employees, officers or consultants to the Developer. The Developer has advanced cash to the District for operating and capital purposes (see Note 4).

Note 6: Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20, of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 8: Reconciliation of government-wide financial statements and fund financial statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments can have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) Long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

REGENCY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments can have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.
- 3) Governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTARY INFORMATION

REGENCY METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 219,862	\$ 219,491	\$ (371)
Specific ownership taxes	10,900	16,468	5,568
Interest income	23,000	22,124	(876)
Total Revenues	253,762	258,083	4,321
EXPENDITURES			
Bond principal	55,000	55,000	-
Bond interest expense	186,000	186,000	-
Paying agent fees	3,500	3,500	-
Contingency	5,000	-	5,000
Treasurer's fees	3,298	3,357	(59)
Total Expenditures	252,798	247,857	4,941
 NET CHANGE IN FUND BALANCE	 964	 10,226	 9,262
 FUND BALANCE:			
BEGINNING OF YEAR	331,052	335,153	4,101
END OF YEAR	\$ 332,016	\$ 345,379	\$ 13,363

The notes to the financial statements are an integral part of these statements.

REGENCY METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2024

Year Ended	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General	Debt	Levied	Collected	
		Fund	Service			
2007	\$ 224,870	8.000	34.826	\$ 9,630	\$ 9,630	100.00%
2008	\$ 594,130	8.000	34.826	\$ 25,444	\$ 25,444	100.00%
2009	\$ 1,802,560	8.000	34.826	\$ 77,196	\$ 77,198	100.00%
2010	\$ 2,502,690	8.000	34.826	\$ 107,180	\$ 104,746	97.73%
2011	\$ 2,641,070	8.000	34.826	\$ 113,106	\$ 112,964	99.87%
2012	\$ 2,286,920	10.470	32.356	\$ 97,940	\$ 97,940	100.00%
2013	\$ 3,192,700	8.000	34.826	\$ 136,731	\$ 136,733	100.00%
2014	\$ 4,432,403	8.000	34.826	\$ 189,822	\$ 178,858	94.22%
2015	\$ 4,859,640	6.750	36.076	\$ 208,119	\$ 205,564	98.77%
2016	\$ 5,970,460	6.699	36.127	\$ 255,691	\$ 255,894	100.08%
2017	\$ 5,968,290	6.769	36.057	\$ 255,598	\$ 255,603	100.00%
2018	\$ 6,447,520	6.329	41.015	\$ 305,252	\$ 305,251	100.00%
2019	\$ 6,446,390	6.393	40.894	\$ 304,830	\$ 304,831	100.00%
2020	\$ 6,932,360	22.160	25.500	\$ 330,396	\$ 330,396	100.00%
2021	\$ 6,957,460	23.614	24.000	\$ 331,272	\$ 331,273	100.00%
2022	\$ 7,150,330	24.111	23.500	\$ 340,435	\$ 340,435	100.00%
2023	\$ 6,970,180	24.936	24.000	\$ 341,092	\$ 341,093	100.00%
2024	\$ 9,409,480	18.900	23.366	\$ 397,701	\$ 397,031	99.83%
Estimated for year ending December 31, 2025	\$ 9,408,630	19.266	23.000	\$ 397,665		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.