

**2000 HOLLY METROPOLITAN DISTRICT  
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
2000 Holly Metropolitan District  
City and County of Denver, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the 2000 Holly Metropolitan District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### ***Basis for Opinions***

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

### ***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.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplemental Information***

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

### ***Other Information***

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

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

*Daggio & Associates, P.C.*

May 20, 2024

## **BASIC FINANCIAL STATEMENTS**

**2000 HOLLY METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
December 31, 2023**

**ASSETS**

Cash deposits and investments - unrestricted	\$ 16,744
Cash deposits and investments - restricted	670,735
Receivable from County Treasurer	294
Property taxes receivable	143,595
Accounts receivable	2,010
Reimbursement receivable	1,742
Prepaid expenses	9,428
Capital assets, not being depreciated	3,490,349
Capital assets, net of accumulated depreciation	315,664
Total assets	4,650,561

**LIABILITIES**

Accounts payable	10,791
Prepaid customer accounts	8,200
Warranty deposit	51,189
Accrued interest payable	18,896
Noncurrent liabilities:	
Due in more than one year	5,628,975
Total liabilities	5,718,051

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	143,595
Total deferred inflows of resources	143,595

**NET POSITION**

Net investment in capital assets	(24,820)
Restricted for emergencies	3,000
Restricted for debt service	181,024
Restricted for capital projects	18,372
Unrestricted	(1,388,661)
Total net position	\$ (1,211,085)

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

**2000 HOLLY METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
General government	\$ 179,216	\$ 79,829	\$ -	\$ 27,000	\$ (72,387)
Interest and fiscal charges	316,332	-	-	-	(316,332)
	<u>\$ 495,548</u>	<u>\$ 79,829</u>	<u>\$ -</u>	<u>\$ 27,000</u>	<u>(388,719)</u>

General revenues:	
Property taxes	81,670
Specific ownership taxes	4,452
Net investment income	47,688
Total general revenues	<u>133,810</u>

Change in net position	(254,909)
Net position - Beginning	(956,176)
Net position - Ending	<u>\$ (1,211,085)</u>

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

**2000 HOLLY METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2023**

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash deposits and investments - unrestricted	\$ 16,744	\$ -	\$ -	\$ -	\$ 16,744
Cash deposits and investments - restricted	-	-	615,252	55,483	670,735
Due from other funds	10,321	-	-	-	10,321
Receivable from County Treasurer	59	-	235	-	294
Property tax receivable	28,720	-	114,875	-	143,595
Accounts receivable - fees	-	2,010	-	-	2,010
Reimbursement receivable	-	1,742	-	-	1,742
Prepaid expense	9,428	-	-	-	9,428
<b>TOTAL ASSETS</b>	<u>\$ 65,272</u>	<u>\$ 3,752</u>	<u>\$ 730,362</u>	<u>\$ 55,483</u>	<u>\$ 854,869</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,858	\$ 8,933	\$ -	\$ -	\$ 10,791
Prepaid customer accounts	-	8,200	-	-	8,200
Warranty deposit	-	-	-	51,189	51,189
Due to other funds	-	10,321	-	-	10,321
Total liabilities	<u>1,858</u>	<u>27,454</u>	<u>-</u>	<u>51,189</u>	<u>80,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	28,720	-	114,875	-	143,595
Total deferred inflows of resources	<u>28,720</u>	<u>-</u>	<u>114,875</u>	<u>-</u>	<u>143,595</u>
<b>FUND BALANCES</b>					
Nonspendable for prepaid items	9,428	-	-	-	9,428
Spendable:					
Restricted for emergencies	600	2,400	-	-	3,000
Restricted for debt service	-	-	615,487	-	615,487
Restricted for capital	-	-	-	4,294	4,294
Unassigned	24,666	(26,102)	-	-	(1,436)
Total fund balances	<u>34,694</u>	<u>(23,702)</u>	<u>615,487</u>	<u>4,294</u>	<u>630,773</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 65,272</u>	<u>\$ 3,752</u>	<u>\$ 730,362</u>	<u>\$ 55,483</u>	

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

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Capital assets

3,806,013

3,806,013

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Bonds payable

(5,228,000)

Accrued interest payable - 2020A Bonds

(18,896)

Unpaid interest payable - 2020B Bonds and 2022C Bonds

(159,570)

Developer advances

(212,836)

Accrued interest on advances

(28,569)

(5,647,871)

Net position of governmental activities

\$ (1,211,085)

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

**2000 HOLLY METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS  
Year Ended December 31, 2023**

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property tax	\$ 16,334	\$ -	\$ 65,336	\$ -	\$ 81,670
Specific ownership tax	890	-	3,562	-	4,452
Operations and maintenance fees	-	79,829	-	-	79,829
Facilities Fees	-	-	27,000	-	27,000
Developer advances	75,833	-	-	-	75,833
Net investment income	292	3	34,014	13,379	47,688
Total revenues	<u>93,349</u>	<u>79,832</u>	<u>129,912</u>	<u>13,379</u>	<u>316,472</u>
<b>EXPENDITURES</b>					
Administration					
Legal	21,817	-	-	-	21,817
Management	2,006	-	-	-	2,006
Accounting	18,836	-	-	-	18,836
Audit	5,000	-	-	-	5,000
Election	2,384	-	-	-	2,384
Insurance and dues	5,811	-	-	-	5,811
Bank fees	150	-	-	906	1,056
Treasurer's fees	166	-	663	-	829
Operations					
Legal	-	11,776	-	-	11,776
Management	-	8,025	-	-	8,025
Accounting	-	4,710	-	-	4,710
Water	-	8,421	-	-	8,421
Lift Station maintenance	-	12,639	-	-	12,639
Storm drainage	-	4,787	-	-	4,787
Grounds maintenance	-	46,191	-	-	46,191
Snow removal	-	7,845	-	-	7,845
Miscellaneous	-	20	-	-	20
Debt service					
Bond interest	-	-	227,815	-	227,815
Debt service fees	-	-	19,962	-	19,962
Capital					
Capital outlay	-	-	-	1,368,009	1,368,009
Total expenditures	<u>56,170</u>	<u>104,414</u>	<u>248,440</u>	<u>1,368,915</u>	<u>1,777,939</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>37,179</u>	<u>(24,582)</u>	<u>(118,528)</u>	<u>(1,355,536)</u>	<u>(1,461,467)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	76	-	76
Transfers out	-	-	-	(76)	(76)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>76</u>	<u>(76)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	37,179	(24,582)	(118,452)	(1,355,612)	(1,461,467)
<b>FUND BALANCES (DEFICITS) - BEGINNING OF YEAR</b>					
	(2,485)	880	733,939	1,359,906	2,092,240
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 34,694</u>	<u>\$ (23,702)</u>	<u>\$ 615,487</u>	<u>\$ 4,294</u>	<u>\$ 630,773</u>

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

**2000 HOLLY METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023**

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

Net change in fund balances - Total governmental funds	<u>\$ (1,461,467)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,368,009
Depreciation	<u>(17,063)</u>
	<u>1,350,946</u>
<p>Long-term debt (e.g. bonds, notes) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and gains/losses on refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Developer advances	<u>(75,833)</u>
	<u>(75,833)</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in accrued interest payable - 2020A, 2020B and 2022C Bonds	(57,362)
Change in accrued interest payable - advances	<u>(11,193)</u>
	<u>(68,555)</u>
Change in net position - Governmental activities	<u>\$ (254,909)</u>

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

**2000 HOLLY METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2023**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Property tax	\$ 16,350	\$ 16,350	\$ 16,334	\$ (16)
Specific ownership taxes	-	855	890	35
Payment in lieu of taxes	200	-	-	-
Developer advances	40,105	65,000	75,833	10,833
Net investment income	-	272	292	20
Total Revenues	<u>56,655</u>	<u>82,477</u>	<u>93,349</u>	<u>10,872</u>
<b>EXPENDITURES</b>				
Administration				
Legal	25,000	22,376	21,817	559
Management	5,040	1,982	2,006	(24)
Accounting	14,000	17,829	18,836	(1,007)
Audit	5,000	5,000	5,000	-
Election	2,000	2,385	2,384	1
Insurance and dues	7,000	3,335	5,811	(2,476)
Printing and administration	1,000	1,000	-	1,000
Bank fees	250	134	150	(16)
Treasurer's fees	2,453	166	166	-
Denver review fee	3,000	3,000	-	3,000
Total Expenditures	<u>64,743</u>	<u>57,207</u>	<u>56,170</u>	<u>1,037</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(8,088)</u>	<u>25,270</u>	<u>37,179</u>	<u>11,909</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(17,901)	-	17,901
Total other financing sources (uses)	<u>-</u>	<u>(17,901)</u>	<u>-</u>	<u>17,901</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,088)	7,369	37,179	29,810
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<u>8,585</u>	<u>(2,485)</u>	<u>(2,485)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 497</u>	<u>\$ 4,884</u>	<u>\$ 34,694</u>	<u>\$ 29,810</u>

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

**2000 HOLLY METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL  
OPERATIONS AND MAINTENANCE FUND  
Year Ended December 31, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Operations and maintenance fees	\$ 73,140	\$ 98,645	\$ 79,829	\$ (18,816)
Net investment income	-	2	3	1
Total Revenues	<u>73,140</u>	<u>98,647</u>	<u>79,832</u>	<u>(18,815)</u>
<b>EXPENDITURES</b>				
Operations				
Legal	2,625	15,398	11,776	3,622
Management	8,050	7,925	8,025	(100)
Accounting	1,225	4,457	4,710	(253)
Water	7,000	6,567	8,421	(1,854)
Electricity	1,925	-	-	-
Lift Station maintenance	8,400	11,720	12,639	(919)
Sludge removal	6,300	6,300	-	6,300
Storm drainage	-	6,451	4,787	1,664
Grounds maintenance	24,780	36,322	46,191	(9,869)
Detention pond repairs and maintenance	875	875	-	875
Snow removal	12,250	12,250	7,845	4,405
Street sweeping	875	875	-	875
Road repairs and maintenance	3,500	3,500	-	3,500
Concrete repairs and maintenance	1,750	1,750	-	1,750
Miscellaneous	3,028	3,038	20	3,018
Total Expenditures	<u>82,583</u>	<u>117,428</u>	<u>104,414</u>	<u>13,014</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(9,443)</u>	<u>(18,781)</u>	<u>(24,582)</u>	<u>(5,801)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	17,901	-	(17,901)
Total other financing sources (uses)	<u>-</u>	<u>17,901</u>	<u>-</u>	<u>(17,901)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(9,443)	(880)	(24,582)	(23,702)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	12,551	880	880	-
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 3,108</u>	<u>\$ -</u>	<u>\$ (23,702)</u>	<u>\$ (23,702)</u>

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

**2000 HOLLY METROPOLITAN DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

2000 Holly Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Denver County on November 29, 2018 and is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in City and County of Denver, Colorado. The District was established to provide for the design, acquisition, construction, installation and financing of water, sanitation, streets, traffic, safety control and park and recreation facilities.

The District's Service Plan allows the District to impose an operating mill levy of up to 50.000 mills until the District imposes a debt mill levy. Once the District imposes a debt mill levy, the District's operating mill levy cannot exceed 10.000 mills which, however, may be adjusted for changes in the State's method of calculating assessed valuation after September 10, 2018.

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or

**2000 HOLLY METROPOLITAN DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The Operations and Maintenance Fund (a special revenue fund) accounts for the revenues from the operations and maintenance fees charged to residents and expenditures of certain services within the District, including without limitation, landscape maintenance, snow removal, design review and covenant enforcement.

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

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

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**Budgets**

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

The District approved supplemental appropriations for the year ended December 31, 2023 for the General Fund and Operations and Maintenance Fund.

**Pooled Cash and Investments**

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

**Capital Assets**

Capital assets, which include construction in progress, are reported 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 estimated fair value at the date of donation.

Improvements not conveyed either to the City and County of Denver, Denver Water or other governmental entities for ownership and maintenance, will be owned and maintained by the District.

**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 set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

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**Debt Issue Costs and Original Issue Discount/Premium**

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs are expensed when incurred.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 only has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 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.

**Interfund Balances**

The District reports interfund balances that are representative of temporary lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans). The interfund balances have been eliminated in the government-wide statements.

**Estimates**

The preparation of financial statements in conformity with generally accepted account principles in the United States requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balances – Governmental Funds**

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

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaid items) or is legally or contractually required to be maintained intact.

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Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District’s Board of Directors has provided otherwise in its commitment or assignment actions.

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

Cash deposits and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Cash deposits and investments – Unrestricted	\$ 16,744
Cash deposits and investments – Restricted	<u>670,735</u>
	<u>\$ 687,479</u>

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

Deposits with financial institutions	\$ 27,949
Investments	<u>659,530</u>
	<u>\$ 687,479</u>

**Cash Deposits – Custodial Credit Risk**

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. 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 (\$250,000) must be collateralized. The eligible collateral is determined

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by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance and carrying balance of \$27,949, respectively, which were fully insured by federal depository insurance.

**Investments**

The District's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District generally limits its concentration of investments to Local Government Investment Pools which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

**COLOTRUST**

At December 31, 2023, the District has \$659,530, held in trust by UMB, is invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAAs/S1 by Fitch Ratings. Information related to

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COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at [www.colotrust.com](http://www.colotrust.com).

**Investment Valuation**

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

However, the investments held by the District are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments such as COLOTRUST.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

**Restricted Cash and Investments**

At December 31, 2023, cash deposits and investments in the amount of \$615,252 are restricted for debt service and \$55,483 are restricted for capital projects. \$659,530 of the restricted cash and investments are held in trust with UMB Bank.

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**NOTE 4 - CAPITAL ASSETS**

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

	<u>Balance at December 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2023</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 2,122,340	\$ 1,368,009	\$ -	\$ 3,490,349
Total capital assets, not being depreciated	<u>2,122,340</u>	<u>1,368,009</u>	<u>-</u>	<u>3,490,349</u>
Capital assets, being depreciated:				
Retaining wall	341,258	-	-	341,258
Total capital assets, being depreciated	<u>341,258</u>	<u>-</u>	<u>-</u>	<u>341,258</u>
Less accumulated depreciation for:				
Retaining wall	(8,531)	(17,063)	-	(25,594)
Total capital assets, being depreciated, net	<u>332,727</u>	<u>(17,063)</u>	<u>-</u>	<u>315,664</u>
Capital assets, net	<u>\$ 2,455,067</u>	<u>\$ 1,350,946</u>	<u>\$ -</u>	<u>\$ 3,806,013</u>

Depreciation is charged to the general government function in the Statement of Activities.

**NOTE 5 – LONG-TERM OBLIGATIONS**

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

	<u>Balance at December 31, 2022</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>					
Limited Tax G.O. Bonds - 2020A	\$ 4,535,000	\$ -	\$ -	\$ 4,535,000	\$ -
Subordinate Limited Tax G.O. Bonds - 2020B	577,000	-	-	577,000	-
Jr. Lien Taxable G.O. Bonds, 2022C Bonds	116,000	-	-	116,000	-
Unpaid accrued interest on 2020B Bonds	97,064	50,555	-	147,619	-
Unpaid accrued interest on 2022C Bonds	5,144	7,872	1,065	11,951	-
<u>Developer Advances:</u>					
Developer advances - operations	137,003	75,833	-	212,836	-
Accrued interest on advances	17,376	11,193	-	28,569	-
	<u>\$ 5,484,587</u>	<u>\$ 145,453</u>	<u>\$ 1,065</u>	<u>\$ 5,628,975</u>	<u>\$ -</u>

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**Limited Tax General Obligation Bonds, Series 2020A**

On November 5, 2020 the District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A (2020A Bonds) in the principal amount of \$4,535,000. The 2020A Bonds were issued to 1) fund the costs of public improvements for the benefit of the District and 2) fund a portion of the initial interest to accrue on the Series 2020A Bonds through December 1, 2022; 3) fund the Surplus fund in the amount of \$415,567; and 4) pay the costs of issuing the 2020A Bonds.

The 2020A Bonds bear interest at 5.0% from the date of issuance until paid, payable on June 1 and December 1, commencing June 1, 2021. The 2020A Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, upon payment of par and accrued interest plus a redemption premium on December 1, 2025, and on any date thereafter. The redemption premium varies based on the date of redemption from 3.0% to 0.0%. The 2020A Bonds are subject to mandatory sinking fund redemption prior to maturity on December 1, 2026 and each December 1 thereafter to December 1, 2049 in varying amounts. The final maturity on the 2020A Bonds is December 1, 2050.

The 2020A Bonds will convert from Limited Tax Obligations to Unlimited Tax Obligations at such time as (a) the debt to assessed ratio is 50% or less, and (b) no amounts of principal or interest on the Series 2020A Bonds are due but unpaid. Conversion is self-executing and does not require any action on the part of the District.

Pledged revenue on the 2020A Bonds consists of 1) all property tax revenues by the imposition of the Senior Required Mill Levy; 2) all specific ownership tax revenues generated from the Senior Required Mill Levy; 3) capital facilities fee revenue; and, 4) any other legally available moneys which the District determines, in its absolute discretion, to the payment of the 2020A Bonds. Prior to the conversion date, the Required Mill Levy is in an amount necessary to generate property taxes sufficient to pay the principal and interest on the 2020A Bonds as they become due and payable, but not in excess of 40.000 mills (subject to adjustment) provided, however, that (a) for so long as the amount on deposit in the 2020A Bonds Surplus Fund is less than the maximum amount of \$600,000, the Senior Required Mill Levy is to be equal to 40.000 mills (subject to adjustment). On and after the conversion date, the District is to levy ad valorem taxes, without limitation as to rate, in an amount sufficient to pay principal and interest on the 2020A Bonds. In addition to the limitations discussed above, the District's Service Plan currently limits the term which the District may impose the Required Mill Levy to 2058 for collection in 2059.

As of December 31, 2023, the District held \$601,462 in the 2020A Surplus Fund.

**Subordinate Limited Tax General Obligation Bonds, Series 2020B**

On November 5, 2020 the District issued Subordinate Limited Tax General Obligation Bonds, Series 2020B (2020B Bonds) in the principal amount of \$577,000. The 2020B Bonds were issued to 1) fund the costs of public improvements for the benefit of the District; and 2) pay the costs of issuing the 2020B Bonds.

The 2020B Bonds bear interest at 7.5% from the date of issuance until paid, payable annually on December 15, commencing December 15, 2021. The 2020B Bonds are structured as cash

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flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. To the extent interest on the 2020B Bonds is not paid when due, such interest shall compound annually on each interest payment date, at the interest rate then borne by the 2020B Bonds. The 2020B Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on any date, upon payment of par and accrued interest plus a redemption premium on December 15, 2025, and on any date thereafter. The redemption premium varies based on the date of redemption from 3.0% to 0.0%. The 2020B Bonds are subject to mandatory sinking fund redemption prior to maturity commencing on December 15, 2021, to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account.

Pledged revenue on the 2020B Bonds consists of 1) all property tax revenues by the imposition of the Subordinate Required Mill Levy; 2) all specific ownership tax revenues generated by the Subordinate Required Mill Levy; 3) all subordinate capital facilities fee revenue; 4) any amounts released from the 2020A Surplus Fund; and 5) any other legally available moneys which the District determines, in its absolute discretion, to the payment of the 2020B Bonds. The Subordinate Required Mill Levy imposed in an amount equal to 1) 40.000 mills less the 2020A Bonds Required Mill Levy, or 2) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would general property tax revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the 2020B Bonds in full.

**Junior Lien Taxable General Obligation Bonds, Series 2022C**

On April 25, 2022, the District issued Junior Lien Taxable Limited Tax General Obligation Bonds, Series 2022C (2022C Bonds) in the principal amount of \$1,500,000. The 2022C Bonds were issued to 1) fund the costs of public improvements for the benefit of the District and 2) pay the costs of issuing the 2022C Bonds.

The 2022C Bonds shall bear interest at 6.5% per annum, such interest to be calculated on the basis of a 360-day year, commencing on December 16, 2022. The 2022C Bonds mature on December 16, 2052. To the extent interest on the 2022C Bonds is not paid when due, such interest shall compound annually on each December 16.

The 2022C Bonds are issued as draw-down Bonds registered in the name of Gray's Development Company, Inc. or its designee. The principal amount of the 2022C Bonds shall be increased by the amount of any Principal Amount Increases (which amount shall include any Developer Advances not theretofore taken into account in determining the principal amount of the Bonds), in integral multiples of \$1,000 and limited to the authorized maximum principal amount of \$1,500,000. Each Principal Amount Increase shall be subject to and conditioned upon delivery to the Trustee of a fully executed Junior Lien Draw-Down Requisition, and upon satisfaction of such condition, shall be deemed to be effective as of the date that the Board of Directors of the District adopts a resolution to approve and accept the Developer Advance for which the Principal Amount Increase is requested. The Trustee shall notify the Owner of each Principal Amount Increase, provided, however, that the failure to record or to accurately record any such Principal Amount Increases shall not affect the actual Principal Amount due on the Bonds, which in all cases shall be conclusively determined by the Trustee's records relating to the outstanding Principal Amount of the Bonds. In the event that any amount of principal or

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interest on the 2022C Bonds remains unpaid after the application of all Junior Lien Pledged Revenue available, the 2022C Bonds will be discharged on December 16, 2059.

As of December 31, 2023, the District had \$116,000 in principal outstanding and \$11,951 of accrued interest on the 2022C Bonds.

The District's long-term obligations for the 2020A Bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 226,750	\$ 226,750
2025	-	226,750	226,750
2026	5,000	226,750	231,750
2027	10,000	226,500	236,500
2028	20,000	226,000	246,000
2029-2033	230,000	1,107,000	1,337,000
2034-2038	540,000	1,020,250	1,560,250
2039-2043	950,000	847,000	1,797,000
2044-2048	1,540,000	554,500	2,094,500
2049-2050	1,240,000	104,500	1,344,500
	<u>\$ 4,535,000</u>	<u>\$ 4,766,000</u>	<u>\$ 9,301,000</u>

The 2020B and 2022C Bonds are structured as cash flow bonds therefore, there are no scheduled payments of principal and interest prior to the final maturity date.

**Funding and Reimbursement Agreement – Grays Development Company, LLC**

The District and Grays Development Company, LLC (Grays) entered into a Funding and Reimbursement Agreement (Operations and Maintenance) on October 13, 2020 which was amended November 7, 2022. The Funding and Reimbursement Agreement acknowledges prior costs paid on behalf of the District and provides for Grays to advance funds for ongoing operating expenses incurred by the District through December 31, 2024 in an amount not to exceed \$50,000 per annum for four years, up to \$200,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 6.5% per annum, simple interest, from the date any such advance is made. Any obligation of the District to reimburse Grays shall expire on October 13, 2050.

As of December 31, 2023, the District had outstanding advances for operations payable to Grays under the Funding and Reimbursement Agreement in the total amount of \$241,405 of which \$212,836 of principal and \$28,569 of interest.

**Public Improvements Acquisition and Reimbursement Agreement – Grays Development Company, LLC**

The District and Grays Development Company, LLC entered into a Public Improvements Acquisition and Reimbursement Agreement on October 13, 2020. The Public Improvements Acquisition and Reimbursement Agreement provides for Grays to incur costs related to financing, construction and installation of public improvements that may be lawfully funded by the District and establishes the terms and conditions for the acquisition of certain public

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improvements financed and constructed or caused to be constructed by Grays that are to be owned by the District. The District anticipates issuing bonds, loans or other obligations in the future, and shall use the proceeds of the bonds to reimburse Grays for certified District eligible costs concurrently with or as soon as possible following closing of the bonds. Interest shall accrue at 6.5% per annum, simple interest, from the date of the acceptance resolution. Any obligation of the District to reimburse Grays shall expire on October 13, 2050.

As of December 31, 2023, the District had no outstanding advances payable to Grays under the Public improvements Acquisition and Reimbursement Agreement.

**NOTE 6 – DEBT AUTHORIZATION**

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$193,536,000 at an interest rate not to exceed 18% per annum.

	<b>Authorized November 6, 2018 Election</b>	<b>Authorization Used</b>	<b>Remaining at December 31, 2023</b>
Street improvements	\$ 8,064,000	\$ (5,228,000)	\$ 2,836,000
Park and recreation	8,064,000	-	8,064,000
Water improvements	8,064,000	-	8,064,000
Sanitation / Storm sewer	8,064,000	-	8,064,000
Transportation	8,064,000	-	8,064,000
Mosquito control	8,064,000	-	8,064,000
Safety protection	8,064,000	-	8,064,000
Fire protection	8,064,000	-	8,064,000
Television relay and translation	8,064,000	-	8,064,000
Security	8,064,000	-	8,064,000
Refunding	80,640,000	-	80,640,000
Operations and maintenance	8,064,000	-	8,064,000
In-District special assessment	8,064,000	-	8,064,000
District intergovernmental agreements	8,064,000	-	8,064,000
District private agreements	8,064,000	-	8,064,000
	<u>\$ 193,536,000</u>	<u>\$ (5,228,000) *</u>	<u>\$ 188,308,000</u>

\* final allocation to categories of authorization will be done upon completion of construction

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, the amount and timing of any debt issuances in not determinable.

**NOTE 7 – AGREEMENTS**

On July 13, 2020, a Declaration of Restrictions and Covenants was executed with KRF Holly, LLC and KRF 965, LLC (Declarant). The Declarant is the owner and developer of the property located at 5640 E. Atlantic Place (the Property). In order to ensure the Property contributes fairly to the payment of the costs of public improvements, the Declarant will remit an annual

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payment in lieu of taxes in the amount of \$1,000. The payment in lieu of taxes is due annually beginning at such time as the regional storm drainage improvements are constructed and operational and continuing so long as the Property is not subject to the mill levy imposed by the District.

**NOTE 8 - FUND EQUITY**

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

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$9,428 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$600 and the restricted fund balance in the Operations and Maintenance Fund in the amount of \$2,400 are comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (NOTE 12).

The restricted fund balance in the Debt Service Fund in the amount of \$615,487 is to be used exclusively for debt service requirements (NOTE 5).

The restricted fund balance in the Capital Projects Fund in the amount of \$4,294 is to be used exclusively for capital projects (NOTE 5).

**Deficit Fund Balance**

The deficit fund balance in the Operations and Maintenance Fund of \$26,102 is expected to be covered by Operations and maintenance fees in future years.

**NOTE 9 - NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets of \$(24,820).

Restricted net position includes items 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 restricted net position as of December 31, 2023 in the following amounts:

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Restricted net position:

Emergency reserves (see Note 10)	\$ 3,000
Debt Service (see Note 5)	181,024
Capital projects	18,372
	<u>\$ 202,396</u>

The District’s unrestricted net position at December 31, 2023 totaled (\$1,388,661). This deficit amount was a result of the District being dependent on developer advances for payment of operations and organizational costs.

**NOTE 10 – RELATED PARTIES**

A majority of the members of the Board of Directors are owners, officers or employees associated directly or indirectly with Lokal Communities, LLC (Lokal) and may have conflicts of interest in dealing with the District. Lokal is a party to an option agreement to purchase platted lots in the District and is acting as the contractor undertaking the construction of the public improvements. Grays Development is an affiliate of Lokal and is financing, managing and promoting development in the District.

**NOTE 11 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S. the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials’ liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property, public officials’ liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

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

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 November 6, 2018, the District's electors approved the following ballot issues:

**Operations, Administration and Maintenance Mill Levy**

Shall District taxes be increased \$500,000 annually and by such additional amounts raised annually thereafter by the imposition of an ad valorem property tax levy imposed in any year without limitation as to rate and in an amount sufficient to generate ad valorem property taxes necessary to pay the District's administration, covenant enforcement, design review, operations, maintenance, and other similar expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**Capital Costs Mill Levy**

Shall District taxes be increased \$1,000,000 annually and by such lesser amount as necessary to pay for capital costs of public improvements, by the imposition of an ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition, to pay such costs and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**Operations, Administration and Maintenance Fees**

Shall District taxes be increased \$500,000 annually and by such lesser amount as necessary to pay the District's administration, covenant enforcement, design review, operations, and maintenance expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition, to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any

**2000 HOLLY METROPOLITAN DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**Capital Costs Fees**

Shall District taxes be increased \$500,000 annually and by such lesser amount as necessary for the purpose of paying the costs of any public improvements, facilities, systems, programs, or projects which the District may lawfully provide, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition, to pay such costs and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**Multiple Fiscal Year IGA Mill Levy**

Shall District taxes be increased \$500,000 annually and by such lesser amount as necessary for the payment of amounts due pursuant to one or more intergovernmental agreements or other contracts, by the imposition of an ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition, and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**Multiple Fiscal Year Private Agreement Mill Levy**

Shall District taxes be increased \$500,000 annually and by such lesser amount as necessary for the payment of amounts due pursuant to one or more agreements or other contracts with private parties, by the imposition of an ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition, and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2018 and in each fiscal year thereafter as voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in

**2000 HOLLY METROPOLITAN DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

any year the amount of other revenues that may be collected, retained and spent by the District?

**De-TABOR**

Shall the District be authorized to collect, retain, and spend the full amount all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, gifts, grants, investment earnings or any other fee, rate, toll, penalty, charge or other income authorized by law or contract to be imposed or collected by the District in fiscal year 2018 and in each fiscal year thereafter, such amounts to constitute a voter approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected and spent by the District?

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

**SUPPLEMENTAL INFORMATION**

**2000 HOLLY METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended December 31, 2023**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 65,401	\$ 65,336	\$ (65)
Specific ownership taxes	-	3,562	3,562
Facilities Fees	124,500	27,000	(97,500)
Payment in lieu of taxes	800	-	(800)
Net investment income	300	34,014	33,714
Total Revenues	<u>191,001</u>	<u>129,912</u>	<u>(61,089)</u>
<b>EXPENDITURES</b>			
County treasurer's fees	981	663	318
Bond interest - 2020A Bonds	226,750	226,750	-
Bond interest - 2020C Bonds	-	1,065	(1,065)
Debt service fees	5,000	19,962	(14,962)
Contingency	2,000	-	2,000
Total Expenditures	<u>234,731</u>	<u>248,440</u>	<u>(13,709)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>(43,730)</u>	<u>(118,528)</u>	<u>(74,798)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	1,384,000	-	(1,384,000)
Transfers in	-	76	76
Transfers out	(1,384,000)	-	1,384,000
Total other financing sources (uses)	<u>-</u>	<u>76</u>	<u>76</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	(43,730)	(118,452)	(74,722)
<b>FUND BALANCE - BEGINNING OF YEAR</b>			
	702,915	733,939	31,024
<b>FUND BALANCE - END OF YEAR</b>			
	<u>\$ 659,185</u>	<u>\$ 615,487</u>	<u>\$ (43,698)</u>

**2000 HOLLY METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUE</b>			
Developer advances	\$ 1,411,114	\$ -	\$ (1,411,114)
Net investment income	5,000	13,379	8,379
	<u>1,416,114</u>	<u>13,379</u>	<u>(1,402,735)</u>
<b>EXPENDITURES</b>			
Developer advance repayment	1,411,114	-	1,411,114
Capital outlay	2,799,114	1,368,009	1,431,105
Bank fees	1,000	906	94
Total Expenditures	<u>4,211,228</u>	<u>1,368,915</u>	<u>2,842,313</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>(2,795,114)</u>	<u>(1,355,536)</u>	<u>1,439,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,384,000	-	(1,384,000)
Transfers out	-	(76)	(76)
Total other financing sources (uses)	<u>1,384,000</u>	<u>(76)</u>	<u>(1,384,076)</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	(1,411,114)	(1,355,612)	55,502
<b>FUND BALANCE - BEGINNING OF YEAR</b>			
	<u>1,411,114</u>	<u>1,359,906</u>	<u>(51,208)</u>
<b>FUND BALANCE - END OF YEAR</b>			
	<u>\$ -</u>	<u>\$ 4,294</u>	<u>\$ 4,294</u>

## **OTHER INFORMATION**

**2000 HOLLY METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2023**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 398,320	0.000	0.000	\$ -	\$ -	N/A
2020	\$ 1,540,980	0.000	0.000	\$ -	\$ -	N/A
2021	\$ 1,553,910	10.000	40.000	\$ 77,695	\$ 70,457	90.68%
2022	\$ 1,599,180	10.000	40.000	\$ 79,959	\$ 79,959	100.00%
2023	\$ 1,624,110	10.067	40.269	\$ 81,751	\$ 81,670	99.90%
Estimated for year ending December 31, 2024	\$ 2,385,570	12.039	48.154	\$ 143,595		

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

**2000 HOLLY METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2023**

<b>\$4,535,000</b>			
<b>Limited Tax (Convertible to Unlimited Tax)</b>			
<b>General Obligation Bonds, Series 2020A</b>			
<b>Interest Rate of 5.000%</b>			
<b>Principal Due on December 1</b>			
<b>Interest Due on June 1 and December 1</b>			
<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ -	\$ 226,750	\$ 226,750
2025	-	226,750	226,750
2026	5,000	226,750	231,750
2027	10,000	226,500	236,500
2028	20,000	226,000	246,000
2029	25,000	225,000	250,000
2030	40,000	223,750	263,750
2031	40,000	221,750	261,750
2032	60,000	219,750	279,750
2033	65,000	216,750	281,750
2034	85,000	213,500	298,500
2035	90,000	209,250	299,250
2036	110,000	204,750	314,750
2037	115,000	199,250	314,250
2038	140,000	193,500	333,500
2039	150,000	186,500	336,500
2040	175,000	179,000	354,000
2041	185,000	170,250	355,250
2042	215,000	161,000	376,000
2043	225,000	150,250	375,250
2044	260,000	139,000	399,000
2045	275,000	126,000	401,000
2046	310,000	112,250	422,250
2047	325,000	96,750	421,750
2048	370,000	80,500	450,500
2049	390,000	62,000	452,000
2050	850,000	42,500	892,500
	<u>\$ 4,535,000</u>	<u>\$ 4,766,000</u>	<u>\$ 9,301,000</u>

The 2020B and 2022C Bonds are structured as cash flow bonds therefore, there are no scheduled payments of principal prior to the final maturity date.