

Roxborough Village Metropolitan District

Financial Statements and
Supplemental Information

Year Ended December 31, 2022

with

Independent Auditor's Report

Roxborough Village Metropolitan District
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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Roxborough Village Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Roxborough Village Metropolitan District (the "District"), as of and for the year ended December 31, 2022, 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 Roxborough Village Metropolitan District as of December 31, 2022, 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 judgement 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 Supplemental Information

Management has omitted the 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 opinions on the basic financial statements are 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 Roxborough Village Metropolitan District's basic financial statements. The supplemental information as listed in the table of contents is not a required part of the basic financial statements.

The supplemental 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. Such 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 comprises the Five Year Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected but 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.

Colorado CPA Company PC

Highlands Ranch, Colorado
September 13, 2023

Roxborough Village Metropolitan District
Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Net Position/ (Deficit)
Assets						
Cash and investments	\$ 496,962	\$ -	\$ -	\$ 496,962	\$ -	\$ 496,962
Cash and investments - restricted	53,140	-	1,176,526	1,229,666	-	1,229,666
Receivable from Douglas County	6,529	-	-	6,529	-	6,529
Property taxes receivable	1,003,565	-	-	1,003,565	-	1,003,565
Capital assets, net of accumulated depreciation	-	-	-	-	4,044,225	4,044,225
Total Assets	<u>1,560,196</u>	<u>-</u>	<u>1,176,526</u>	<u>2,736,722</u>	<u>4,044,225</u>	<u>6,780,947</u>
Liabilities						
Accounts payable and accrued expenses	70,647	-	31,849	102,496	-	102,496
Long-term liabilities:						
Due within more than one year	-	-	-	-	391,140	391,140
Total liabilities	<u>70,647</u>	<u>-</u>	<u>31,849</u>	<u>102,496</u>	<u>391,140</u>	<u>493,636</u>
Deferred inflows of resources						
Deferred property taxes	<u>1,003,565</u>	<u>-</u>	<u>-</u>	<u>1,003,565</u>	<u>-</u>	<u>1,003,565</u>
Total deferred inflows of resources	<u>1,003,565</u>	<u>-</u>	<u>-</u>	<u>1,003,565</u>	<u>-</u>	<u>1,003,565</u>
Fund balance/net position/(deficit)						
Fund balances:						
Restricted:						
Emergencies	53,140	-	-	53,140	(53,140)	-
Debt service	-	-	-	-	-	-
Capital Projects	-	-	1,144,677	1,144,677	(1,144,677)	-
Unassigned	<u>432,844</u>	<u>-</u>	<u>-</u>	<u>432,844</u>	<u>(432,844)</u>	<u>-</u>
Total fund balances	<u>485,984</u>	<u>-</u>	<u>1,144,677</u>	<u>1,630,661</u>	<u>(1,630,661)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,560,196</u>	<u>\$ -</u>	<u>\$ 1,176,526</u>	<u>\$ 2,736,722</u>		
Net position/(deficit):						
Net investment in capital assets					3,653,085	3,653,085
Restricted for:						
Emergencies					53,140	53,140
Debt Service					-	-
Capital Projects					1,144,677	1,144,677
Unrestricted					<u>432,844</u>	<u>432,844</u>
Total net position/(deficit)					<u>\$ 5,283,746</u>	<u>\$ 5,283,746</u>

Note: the accompanying notes are an integral part of these financial statements.

Roxborough Village Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Net Position/ (Deficit)
Expenditures/expenses						
Audit and accounting	\$ 74,484	\$ -	\$ 2,317	\$ 76,801	\$ -	\$ 76,801
Communication	61	-	-	61	-	61
Directors fees and related taxes	10,027	-	-	10,027	-	10,027
Directors conference	1,611	-	-	1,611	-	1,611
Dues	8,404	-	-	8,404	-	8,404
Elections	41,308	-	-	41,308	-	41,308
Engineering and planning	25,411	-	3,307	28,718	-	28,718
Functions and events	1,000	-	-	1,000	-	1,000
Insurance	30,479	-	-	30,479	-	30,479
Landscaping:						
Landscape contract	166,581	-	-	166,581	-	166,581
Irrigation	161,020	-	15,750	176,770	-	176,770
Repairs and maintenance	27,061	-	26,280	53,341	-	53,341
Weed control	43,983	-	-	43,983	-	43,983
Legal fees	146,919	-	5,037	151,956	-	151,956
Management	166,553	-	5,485	172,038	-	172,038
Miscellaneous	1,625	-	-	1,625	-	1,625
Office supplies	1,094	-	-	1,094	-	1,094
Parks and open space:						
Foothills Park & Rec. fees	20,709	-	-	20,709	-	20,709
Mosquito control	11,500	-	-	11,500	-	11,500
Pond	3,920	-	-	3,920	-	3,920
Portable restrooms	10,625	-	-	10,625	-	10,625
Snow removal	48,986	-	-	48,986	-	48,986
Trail maintenance	-	-	172,081	172,081	-	172,081
Tree care	66,796	-	-	66,796	-	66,796
Water	54,549	-	12,100	66,649	-	66,649
Repairs and maintenance:						
General	21,470	-	8,742	30,212	-	30,212
Playground and skate park	4,460	-	2,650	7,110	-	7,110
Security	201	-	-	201	-	201
Utilities	16,970	-	-	16,970	-	16,970
Website	448	-	-	448	-	448
Treasurer's fees	15,446	-	-	15,446	-	15,446
Bond principal	-	-	-	-	-	-
Inclusion & reimbursement interest	-	-	-	-	10,286	10,286
Depreciation expense	-	-	-	-	353,535	353,535
Capital assets acquired	-	-	67,330	67,330	(67,330)	-
Total expenditures/expenses	1,183,701	-	321,079	1,504,780	296,491	1,801,271
General revenues						
Property taxes	1,029,563	-	-	1,029,563	-	1,029,563
Specific ownership taxes	91,017	-	-	91,017	-	91,017
Interest income	10,053	-	24,615	34,668	-	34,668
Sports field fees	2,000	-	-	2,000	-	2,000
Reservations	9,372	-	-	9,372	-	9,372
Insurance reimbursement	4,200	-	-	4,200	-	4,200
Conservation Trust funds	-	-	44,789	44,789	-	44,789
Miscellaneous	266	-	-	266	-	266
Total revenues	1,146,471	-	69,404	1,215,875	-	1,215,875
Excess/(deficiency) of revenues over over expenditures	(37,230)	-	(251,675)	(288,905)	(296,491)	(585,396)
Other financing source (uses)						
Inclusion & reimbursement	-	-	-	-	(74,413)	(74,413)
Net other financing sources (uses)	-	-	-	-	(74,413)	(74,413)
Net changes in fund balances	(37,230)	-	(251,675)	(288,905)	288,905	
Change in net position					(659,809)	(659,809)
Fund balances / net position/(deficit)						
Beginning of year	523,214	-	1,396,352	1,919,566	4,023,989	5,943,555
End of year	\$ 485,984	\$ -	\$ 1,144,677	\$ 1,630,661	\$ 3,653,085	\$ 5,283,746

Note: the accompanying notes are an integral part of these financial statements.

Roxborough Village Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Original Budget & Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Audit and accounting	\$ 66,000	\$ 74,484	\$ (8,484)
Communication	-	61	(61)
Directors fees and related taxes	8,710	10,027	(1,317)
Directors conference	-	1,611	(1,611)
Dues	1,400	8,404	(7,004)
Elections	55,000	41,308	13,692
Engineering and planning	33,000	25,411	7,589
Functions and events	35,000	1,000	34,000
Insurance	32,000	30,479	1,521
Landscaping:			
Landscape contract	186,700	166,581	20,119
Irrigation	49,500	161,020	(111,520)
Repairs and maintenance	15,000	27,061	(12,061)
Weed control	34,000	43,983	(9,983)
Legal fees	70,000	146,919	(76,919)
Management	130,000	166,553	(36,553)
Miscellaneous	1,500	1,625	(125)
Office supplies	4,000	1,094	2,906
Parks and open space:			
Fire mitigation	25,000	-	25,000
Foothills Park & Rec. fees	17,500	20,709	(3,209)
Graffiti removal/vandalism	3,500	-	3,500
Mosquito control	18,000	11,500	6,500
Pond	5,000	3,920	1,080
Portable restrooms	7,000	10,625	(3,625)
Snow removal	50,000	48,986	1,014
Trail maintenance	50,000	-	50,000
Tree care	133,500	66,796	66,704
Water	82,000	54,549	27,451
Repairs and maintenance:			
General	10,000	21,470	(11,470)
Holiday decorations	14,000	-	14,000
Playground and skate park	20,000	4,460	15,540
Security	-	201	(201)
Utilities	15,000	16,970	(1,970)
Website	2,000	448	1,552
Treasurer's fees	15,438	15,446	(8)
Contingency and emergency reserve	48,752	-	48,752
Total expenditures	<u>1,238,500</u>	<u>1,183,701</u>	<u>54,799</u>
General revenues			
Property taxes	1,029,247	1,029,563	316
Specific ownership taxes	82,340	91,017	8,677
Interest income	500	10,053	9,553
Sports field fees	-	2,000	2,000
Reservations	-	9,372	9,372
Insurance reimbursement	-	4,200	4,200
Miscellaneous	2,000	266	(1,734)
Total revenues	<u>1,114,087</u>	<u>1,146,471</u>	<u>32,384</u>
Excess (deficiency) of revenues over expenditures and net changes in fund balance	(124,413)	(37,230)	87,183
Fund balances			
Beginning of year	524,922	523,214	(1,708)
End of year	<u>\$ 400,509</u>	<u>\$ 485,984</u>	<u>\$ 85,475</u>

Note: the accompanying notes are an integral part of these financial statements.

Roxborough Village Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Definition of Reporting Entity

Definition of Reporting Entity

Roxborough Village Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Douglas County on July 10, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Douglas County on April 30, 1985, amended several times to date. The District's service area is located in Douglas County, Colorado. The District was established to provide irrigation, drainage and storm facilities, street improvements, park and recreational facilities.

As required by accounting principles generally accepted in the United States of America (“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 Governmental Accounting Standards Boards (“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 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, nor is the District a component unit of any other primary governmental entity.

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

Note 2 – Summary of Significant Accounting Policies

The accounting policies of the District conform to the accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

The accompanying financial statements are presented per GASB Statement No. 34, “*Special Purpose Governments.*”

Roxborough Village Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

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. Governmental activities are normally supported primarily by property taxes.

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, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

For the most part, the effect of inter-fund activity has been eliminated from these financial statements.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

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. Property taxes are recognized as revenues in the year for which they are levied and collected. 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 long-term liabilities are recorded as a reduction to the liabilities.

Roxborough Village Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 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 period. The material sources of revenue subject to accrual are property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is 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.

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the Colorado State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 total 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.

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, 2022, 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.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 net asset value.

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

Inter-fund Balances

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

Deferred Outflows 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 position 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 no items that qualify for reporting in this category.

Deferred Inflows of Resources

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 position 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 or are collected.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. trails, sidewalks and similar items), are reported in the applicable governmental or business-type 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Roxborough Village Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements that will be conveyed to other governmental entities are classified as construction in progress, are not included in the calculation of net investment in capital assets and are not depreciated. Land and certain landscaping improvements are not depreciated.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital 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. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

<u>Category</u>	<u>Depreciable life</u>
Drainage/irrigation improvements	15 years
Park and recreation facilities	10 - 20 years
Parking lot improvements	20 years

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.

Fund Equity

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

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaids and inventory) or is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision-making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

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

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

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

Net Position

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

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.

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.

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

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by the District 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 who assess the property tax obligation of 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 at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in 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 revenue 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.

Note 3 – Cash and Investments

Cash and investments as of December 31, 2022, are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 496,962
Cash and investments - restricted	<u>1,229,666</u>
Total	<u>\$ 1,726,628</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 50,411
Investments	<u>1,676,217</u>
Total	<u>\$ 1,726,628</u>

Cash Deposits

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

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.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 3 – Cash and Investments (continued)

Cash Deposits (continued)

As of December 31, 2022, the District's cash deposits had a bank balance equal to its carrying balance of \$50,411.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the District's bank balance was exposed to custodial credit risk.

Investments

Investment Policies

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service or sinking fund requirements. Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Concentration Risk and Custodial Risk – Investments

Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 3 – Cash and Investments (continued)

Investments (continued)

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 investments in COLOTRUST and MSILF are not required to be categorized within the fair value hierarchy and are calculated using the net asset value (“NAV”) method.

Summary of Investments

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust: COLOTRUST PLUS+	Weighted Average Under 60 Days	<u>\$ 1,676,217</u>
Total investments		<u><u>\$ 1,676,217</u></u>

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios: COLOTRUST Prime, COLOTRUST PLUS+, and COLOTRUST Edge. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. 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+ operates similarly to a money market fund and each share is equal in value to \$1.00. The portfolio may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. It is rated AAAM by Standard and Poor’s. with a weighted average maturity of under 60 days. Purchases and redemptions are available daily at a net asset value of \$1.00. There are no unfunded commitments and there is no redemption notice period.

Restricted Cash and Investments

As of December 31, 2022, portions of cash and investments were restricted for emergency reserves, and capital projects.

Roxborough Village Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Capital Assets

An analysis of the District's changes in capital assets for the year ended December 31, 2022, follows:

<u>Governmental-type Activities</u>	<u>Balances 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 12/31/2022</u>
Capital assets not being depreciated:				
Drainage/irrigation improvements	\$ 693,211	\$ -	\$ -	\$ 693,211
Landscape median renovation	-	-	-	-
Park and recreation facilities	1,005,159	-	-	1,005,159
Water rights	702,285	-	-	702,285
Landscape median renovation	22,905	-	-	22,905
Condruction in process	178,963	67,330	-	246,293
Total capital assets not being depreciated	2,602,523	67,330	-	2,669,853
Capital assets being depreciated:				
Drainage/irrigation improvements	1,103,309	-	-	1,103,309
Park and recreation facilities	3,101,665	-	-	3,101,665
Parking lot improvements	206,217	-	-	206,217
Total capital assets being depreciated	4,411,191	-	-	4,411,191
Less accumulated depreciation for:				
Drainage/irrigation improvements	(637,008)	(76,700)	-	(713,708)
Park and recreation facilities	(1,983,654)	(262,695)	-	(2,246,349)
Parking lot improvements	(62,622)	(14,140)	-	(76,762)
Total accumulated depreciation	(2,683,284)	(353,535)	-	(3,036,819)
Net capital assets being depreciated	1,727,907	(353,535)	-	1,374,372
Government-type assets, net	<u>\$ 4,330,430</u>	<u>\$ (286,205)</u>	<u>\$ -</u>	<u>\$ 4,044,225</u>

Depreciation in the amount of \$353,535 was charged to the Parks function on the Statement of Activities during 2022.

Roxborough Village Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Long-Term Debt

An analysis of changes in the District’s long-term debt for the year ended December 31, 2022, follows:

	Balances 1/1/2022	Additions	Deletions	Balances 12/31/2022	Current Portion
Inclusion & reimbursement payable:					
Principal	\$ 209,734	\$ 74,413	\$ -	\$ 284,147	\$ -
Interest	96,707	10,286	-	106,993	-
Total	\$ 306,441	\$ 84,699	\$ -	\$ 391,140	\$ -

General obligation long-term obligations issued for governmental activities are liquidated by the debt service fund.

Inclusion and Reimbursement Agreement (“Developer Advance” or “Inclusion & Reimbursement Payable”)

On December 2, 1999, a parcel of land (commonly known as Chatfield Farms) was included into the District. This land is subject to all property taxes levied by the District, including debt service taxes. The District also entered into a Reimbursement Agreement with the owner of Chatfield Farms. Under the Agreement, the District may reimburse the owner for the costs of specifically described park, trail and landscaping improvements (not to exceed \$1,209,200), after such improvements have been constructed by the landowner and accepted for maintenance by the District. The District is only obligated to reimburse the owner if annual property tax revenue generated from Chatfield Farms exceeds related annual maintenance, administrative and capital reserve costs (Related Costs). If any year's property tax revenues are insufficient to pay for the Related Costs, the District may recover such shortfalls from future property tax revenue. Interest on unreimbursed costs to the owner and interest on any shortfalls in the District's Related Costs will each accrue interest at the rate of six percent (6%) per annum. Any unpaid reimbursement amounts and accrued interest thereon which are not paid on or before August 10, 2029, shall be forgiven, and the District shall have no further obligation or liability with respect to such reimbursements or interest thereon.

In 2012, the District accepted \$359,615 in public improvements constructed by the owner of Chatfield Farms. The District made no payment in 2022 and has not budgeted payment in 2023. As of December 31, 2022, the outstanding principal was \$284,147 with accrued interest of \$106,993.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 5 – Long-Term Debt (continued)

Debt authorization

At a special election held December 30, 1992, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$14,000,000 at an interest rate not to exceed 10.6% per annum. As of December 31, 2022, all of the authorized debt had been issued.

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$10,500,000 at an interest rate not to exceed 7% per annum. As of December 31, 2022, the District had authorized but unissued indebtedness of \$475,000 for the purpose of debt refunding.

Note 6 – Fund Balances and Net Position/(Deficit)

Fund Balances

The District's total fund balance consists of the following components:

Fund balance - restricted for:

Emergencies (TABOR)	\$ 53,140
Debt service	-
Capital projects	<u>1,144,677</u>
Total restricted fund balance	<u>1,197,817</u>

Fund balance - unassigned	<u>432,844</u>
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Total fund balance	<u><u>\$ 1,630,661</u></u>
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The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). As of December 31, 2022, the restricted portion of the General Fund balance has been restricted in compliance with this requirement.

The portion of fund balance related to capital projects is restricted for capital outlays, including the acquisition and construction of capital equipment and facilities.

The unassigned fund balance represents the residual portion of fund balance that does not meet any of the above-described criteria and is available for general use by the District.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 6 – Fund Balances and Net Position/(Deficit)

Net Position/(Deficit)

The District's net position/(deficit) consists of the following components:

Net investment in capital assets:

Capital assets, net	\$ 4,044,225
Long-term obligations	<u>(391,140)</u>
Net investment in capital assets	3,653,085

Net position - restricted for:

Emergencies (TABOR)	53,140
Debt service	-
Capital projects	<u>1,144,677</u>
Total restricted net position	1,197,817

Net position/(deficit) - unrestricted 432,844

Total net position/(deficit) \$ 5,283,746

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.

The restricted components of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The unrestricted net position includes all other net position that does not meet the definition of the above two components and is available for general use by the District.

Note 7 – Conservation Trust Fund Entitlement

The District was entitled to and received \$44,789 from the State of Colorado Lottery based upon a formula considering population within the District. The funds are restricted, under the State Conservation Trust Fund statutes, to acquisition, development, and maintenance of parks and recreation facilities.

Note 8 – Related Party Transactions

Some members of the District's Board of Directors are owners of property within the District and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board of Directors.

Roxborough Village Metropolitan District

Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Risk Management

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the “Pool”) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Note 10 – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

On November 6, 2001, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve the full amount of revenue generated from all sources during the 2002 and subsequent years.

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.

Roxborough Village Metropolitan District

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 11 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Inclusion & reimbursement payable	\$ 391,140
Capital assets, net of accumulated depreciation	<u>(4,044,225)</u>
Total	<u>\$ (3,653,085)</u>

- Capital improvements used in governmental activities are not financial resources; therefore, they are not reported in the funds.
- Long-term liabilities such as developer advances payable and accrued interest developer advances are not due and payable in the current period and, therefore, are not in the funds. Developer advances payable and the related accrued interest amounts are reflected in the Statement of Net Position.

Explanation of differences between the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest expense accrued	\$ (10,286)
Acquisition of capital improvements	67,330
Depreciation expense	(353,535)
Accrual of inclusion & reimbursement payable	<u>(74,413)</u>
Total	<u>\$ (370,904)</u>

- Governmental funds report developer advance proceeds as other financing sources and repayments as expenditures. However, the developer advances are reflected as a liability in the government-wide financial statements, and proceeds/repayments are reported as changes to the liability.
- Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the government-wide Statement of Activities.
- Governmental funds report capital outlays as expenditures; however, in the government-wide Statement of Activities, the costs of those assets are depreciated over their useful lives.
- Depreciation is recorded in the Statement of Activities and the net change in capital assets represents the capital assets capitalized on the Statement of Net Position

Supplemental Information

Roxborough Village Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2022

	Original & Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Bank fees	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Treasurer's fees	-	-	-
Bond principal	-	-	-
Bond interest expense	-	-	-
Paying agent fees	-	-	-
Total expenditures	-	-	-
General revenues			
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Interest income	-	-	-
Total revenues	-	-	-
Excess (deficiency) of revenues over expenditures and net changes in fund balance	-	-	-
Fund balances			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

Note: The accompanying notes are an integral part of these financial statements.

Roxborough Village Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2022

	Original & Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Accounting	\$ 3,500	\$ 2,317	\$ 1,183
Contingency	55,700	-	55,700
Engineering and planning	50,000	3,307	46,693
Irrigation	-	15,750	(15,750)
Repairs and maintenance	-	26,280	(26,280)
Legal fees	25,000	5,037	19,963
Management	47,800	5,485	42,315
Trail maintenance	55,000	172,081	(117,081)
Water	-	12,100	(12,100)
General	-	8,742	(8,742)
Playground and skate park	5,000	2,650	2,350
Capital assets acquired	278,000	67,330	210,670
Total expenditures	520,000	321,079	198,921
General revenues			
Interest income	-	24,615	24,615
Conservation Trust funds	44,000	44,789	789
Total revenues	44,000	69,404	25,404
Excess (deficiency) of revenues over expenditures and net changes in fund balance			
	(476,000)	(251,675)	224,325
Fund balances			
Beginning of year	1,321,591	1,396,352	74,761
End of year	\$ 845,591	\$ 1,144,677	\$ 299,086

Note: The accompanying notes are an integral part of these financial statements.

Roxborough Village Metropolitan District
 Five Year Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected
 (Unaudited)
 December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied:		Total Property Taxes:		Percent Collected to Levied
		General Fund	Debt Service Fund	Levied	Collected	
2017	\$ 62,669,960	12.216	* 34.000	\$ 2,896,354	\$ 2,895,507	99.97%
2018	\$ 69,216,490	12.275	* 34.000	\$ 3,202,993	\$ 3,187,309	99.51%
2019	\$ 69,677,340	12.087	34.000	\$ 3,211,220	\$ 3,198,907	99.62%
2020	\$ 80,194,600	12.396	* 10.200	\$ 1,812,077	\$ 1,809,708	99.87%
2021	\$ 60,342,990	12.087	9.200	\$ 1,710,261	\$ 1,709,904	99.98%
2022	\$ 85,026,670	12.105	* 0.000	\$ 1,029,247	\$ 1,029,563	100.03%

Estimated for calendar year ending December 31, 2023:

\$ 82,904,990	12.105	* 0.000	\$ 1,003,565
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Note: Property taxes collected in any one year 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.

** Includes additional mill levy for refunds and abatements*

Note: The accompanying notes are an integral part of these financial statements.