

Pine Bluffs Metropolitan District

Douglas County, Colorado

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Pine Bluffs Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Pine Bluffs 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 Pine Bluffs Metropolitan District as of December 31, 2023, 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 the District's basic financial statements. The supplemental information as listed in the table of contents is presented for the purpose 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.

Colorado CPA Company PC

Highlands Ranch, Colorado
May 21, 2024

Pine Bluffs Metropolitan District
Balance Sheet/Statement of Net Position/(Deficit)
Governmental Funds
December 31, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position/ (Deficit)
Assets					
Cash and investments	\$ 7,088	\$ -	\$ 7,088	\$ -	\$ 7,088
Cash and investments - restricted	-	657,532	657,532	-	657,532
Receivable from County Treasurer	-	3,220	3,220	-	3,220
Property taxes receivable - 2024	-	388,472	388,472	-	388,472
Due from Developer	5,863	-	5,863	-	5,863
Total assets	<u>\$ 12,951</u>	<u>\$ 1,049,224</u>	<u>\$ 1,062,175</u>	-	1,062,175
Liabilities					
Accounts payable	\$ 4,951	\$ -	\$ 4,951	-	4,951
Accrued interest on 2017 Loan	-	-	-	13,122	13,122
To to Developer	7,500	-	7,500	-	7,500
Long-term liabilities:					
Accrued interest on developer advances	-	-	-	407,570	407,570
Due within one year	-	-	-	185,000	185,000
Due within more than one year	-	-	-	3,915,073	3,915,073
Total liabilities	<u>12,451</u>	<u>-</u>	<u>12,451</u>	<u>4,520,765</u>	<u>4,533,216</u>
Deferred inflows of resources					
Deferred property taxes	-	388,472	388,472	-	388,472
Total deferred inflows of resources	-	388,472	388,472	-	388,472
Fund balance/net position/(deficit)					
Fund balances:					
Restricted:					
Debt service	-	660,752	660,752	(660,752)	-
Unassigned	500	-	500	(500)	-
	<u>500</u>	<u>660,752</u>	<u>661,252</u>	<u>(661,252)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,951</u>	<u>\$ 1,049,224</u>	<u>\$ 1,062,175</u>		
Net position/(deficit):					
Restricted for:					
Debt Service				647,630	647,630
Unrestricted				(4,507,143)	(4,507,143)
Total net position/(deficit)				<u>\$ (3,859,513)</u>	<u>\$ (3,859,513)</u>

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

Pine Bluffs Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Expenditures/expenses					
Accounting and audit	\$ 6,250	\$ -	\$ 6,250	\$ -	\$ 6,250
Bank fees	679	-	679	-	679
Directors fees	400	-	400	-	400
Dues	732	-	732	-	732
Legal and professional fees	11,331	-	11,331	-	11,331
Insurance	2,087	-	2,087	-	2,087
Management fees	12,000	-	12,000	-	12,000
Miscellaneous	375	-	375	-	375
Repairs and maintenance:					
Landscaping	3,750	-	3,750	-	3,750
Snow removal	16,485	-	16,485	-	16,485
Treasurer's fees	-	7,472	7,472	-	7,472
Debt service:					
Debt principal	-	175,000	175,000	(175,000)	-
Bond interest	-	165,969	165,969	(28,980)	136,989
Developer advance interest	-	-	-	43,280	43,280
TIF expenses	-	35,978	35,978	-	35,978
Total expenditures/expenses	<u>54,089</u>	<u>384,419</u>	<u>438,508</u>	<u>(160,700)</u>	<u>277,808</u>
General revenues					
Property taxes	-	534,280	534,280	-	534,280
Specific ownership taxes	-	49,794	49,794	-	49,794
Interest income and miscellaneous	312	147	459	-	459
Facility fee	-	-	-	-	-
Total general revenues	<u>312</u>	<u>584,221</u>	<u>584,533</u>	<u>-</u>	<u>584,533</u>
Excess/(deficiency) of revenues over expenditures	(53,777)	199,802	146,025	160,700	306,725
Other financing sources/(uses)					
Transfer (to)/from other funds	<u>53,777</u>	<u>(53,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources/(uses)	53,777	(53,777)	-	-	-
Net changes in fund balances	-	146,025	146,025	(146,025)	
Change in net position				306,725	306,725
Fund balances / net position/(deficit)					
Beginning of year	500	514,727	515,227	(4,681,465)	(4,166,238)
End of year	<u>\$ 500</u>	<u>\$ 660,752</u>	<u>\$ 661,252</u>	<u>\$ (4,520,765)</u>	<u>\$ (3,859,513)</u>

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

Pine Bluffs Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenditures				
Accounting and audit	\$ 5,450	\$ 5,450	\$ 6,250	\$ (800)
Bank fees	-	-	679	(679)
Directors fees	500	500	400	100
Dues	-	-	732	(732)
Legal and professional fees	10,000	10,000	11,331	(1,331)
Insurance	2,500	2,500	2,087	413
Management fees	12,000	12,000	12,000	-
Miscellaneous	700	17,741	375	17,366
Repairs and maintenance:				
Landscaping	-	-	3,750	(3,750)
Snow removal	-	-	16,485	(16,485)
Total expenditures	<u>31,150</u>	<u>48,191</u>	<u>54,089</u>	<u>(5,898)</u>
General revenues				
Property taxes	-	-	-	-
Specific ownership taxes	-	-	-	-
Interest income and miscellaneous	-	-	312	312
Total general revenues	<u>-</u>	<u>-</u>	<u>312</u>	<u>312</u>
Excess/(deficiency) of revenues over expenditures	(31,150)	(48,191)	(53,777)	(5,586)
Other financing sources/(uses)				
Transfer (to)/from other funds	<u>31,150</u>	<u>48,191</u>	<u>53,777</u>	<u>5,586</u>
Net other financing sources/(uses)	<u>31,150</u>	<u>48,191</u>	<u>53,777</u>	<u>5,586</u>
Net changes in fund balance	-	-	-	-
Fund balances				
Beginning of year	<u>10,619</u>	<u>10,619</u>	<u>500</u>	<u>(10,119)</u>
End of year	<u>\$ 10,619</u>	<u>\$ 10,619</u>	<u>\$ 500</u>	<u>\$ (10,119)</u>

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

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Definition of Reporting Entity

Definition of Reporting Entity

Pine Bluffs Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 30, 2003, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Douglas County, Colorado. The District was established to provide for the acquisition, construction, completion, and/or installation of regional transportation improvements and all other improvements necessary or required for roadway improvements. The District is governed by an elected Board of Directors.

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:

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

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

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

For the most part, the effect of interfund activity has been removed from these statements.

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.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Budgets

In accordance with the State 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.

During the year, the District amended its total appropriations in the General Fund from \$31,150 to \$48,191 primarily due to increased operating costs and amended its total appropriations in the Debt Service Fund from \$404,484 to \$452,675 primarily due to increased transfers to the General Fund.

During the year, the District’s General Fund actual expenditures exceeded appropriated amounts, which may be a violation of State Budget Law.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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 as of December 31, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system 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.

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.

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.

Original Issue Premium

Original issue premium from the 2017 Loan (see Note 4) is being amortized over the term of the loan using the straight-line method. Accumulated amortization of original issue premium amounted to \$169,614 as of December 31, 2023.

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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-described 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.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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:

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 component and is available for general use by the District.

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

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, 2023, are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 7,088
Cash and investments - restricted	657,532
Total	<u>\$ 664,620</u>

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Cash and Investments (continued)

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

Deposits with financial institutions	<u>\$ 664,620</u>
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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.

As of December 31, 2023, the District’s cash deposits had a total carrying balance of \$664,620 and a total bank balance of \$667,910, held with two separate institutions, each institution insuring \$250,000. The District had \$394,034 collateralized under PDPA as of December 31, 2023.

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, 2023, none of the District’s bank balance was exposed to custodial credit risk.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Cash and Investments (continued)

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.

As of December 31, 2023, the District had no investments.

Restricted Cash and Investments

As of December 31, 2023, the restricted portion of cash and investments were restricted for debt service.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Long-Term Obligations

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

Governmental activities:	Balances 1/1/2023	Additions	Reductions	Balances 12/31/2023	Current Portion
Developer advances:					
Developer advances	\$ 464,305	\$ -	\$ -	\$ 464,305	\$ -
Interest payable on developer advances	364,290	43,280	-	407,570	-
Total developer advances	828,595	43,280	-	871,875	-
General obligation tax refunding note:					
G.O. Refunding Note - Series 2017	3,415,000	-	(175,000)	3,240,000	185,000
Premium on 2017 note	424,037	-	(28,269)	395,768	-
Total note	3,839,037	-	(203,269)	3,635,768	185,000
Total long-term obligations	<u>\$ 4,667,632</u>	<u>\$ 43,280</u>	<u>\$ (203,269)</u>	<u>\$ 4,507,643</u>	<u>\$ 185,000</u>

General obligation debt and developer advances issued for governmental activities are liquidated by the debt service fund.

The details of the Districts long-term obligation are as follows:

\$4,660,000 General Obligation Refunding Loan, Series 2017, Dated March 9, 2017 (“2017 Loan”)

The District entered into a term loan, with a portion in the amount of \$4,405,000 due December 1, 2036, and a pre-payable portion in the amount of \$255,000, which was retired in 2020. The loan includes a premium of \$565,382, which is amortized on the straight-line basis over the life of the loan. The loan is payable from a limited debt service mill levy not in excess of 35 mills.

The balance accrues interest at 4.86% payable semiannually on June 1 and December 1, to the extent of Pledged Revenue Available. Principal payments are payable each December 1 according to the required maturity schedule. The portion outstanding as of December 31, 2023, is not subject to optional prepayment on any date prior to the tenth anniversary of the Closing Date of March 9, 2017. This portion is subject to prepayment, in whole or in part, on any Payment Date (and not on any date other than a Payment Date) after the tenth anniversary of the Closing Date of March 9, 2017, at the option of the District, at a prepayment price equal to the outstanding principal amount plus accrued interest to the prepayment date without premium (or payment of any prepayment fee).

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Long-Term Obligations (continued)

\$4,660,000 General Obligation Refunding Loan, Series 2017, Dated March 9, 2017 (continued)

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the loan agreement:

- (a) The District fails or refuses to impose the Limited Mill Levy as required,
- (b) The District fails to deposit the Pledged Revenue as required or fails to transfer the Pledged Revenue to the Lender as required,
- (c) The District defaults in the performance or observance of any other of the material covenants, agreements, or conditions on the part of the District in the agreement, and fails to remedy the same to the satisfaction of the Lender within 45 days after the Lender has provided the District with notice thereof,
- (d) (i) the District shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding, or other action of a nature referred to in clause (i) above and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal, within 30 days from the entry thereof; or (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above;
- (e) any Financing Document or any material provisions (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created under the Financing Documents fails to be fully enforceable with the priority required hereunder or thereunder; or
- (f) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant, attachment, execution, or similar process and the same is not released or dismissed within 30 days.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Long-Term Obligations (continued)

\$4,660,000 General Obligation Refunding Loan, Series 2017, Dated March 9, 2017 (continued)

The District’s long-term debt obligations (excluding developer advances) will mature as follows after December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 185,000	\$ 157,464	\$ 342,464
2025	195,000	148,473	343,473
2026	205,000	138,996	343,996
2027	210,000	129,033	339,033
2028	225,000	118,827	343,827
2029-2033	1,285,000	420,147	1,705,147
2034-2036	935,000	92,583	1,027,583
Total	<u>\$ 3,240,000</u>	<u>\$ 1,205,523</u>	<u>\$ 4,445,523</u>

Advance and Reimbursement Agreement

On August 2, 2004, the District entered into an agreement with developer of the District, KW Pine Ridge, LLC (the “Developer”) to establish the terms and conditions for reimbursement of advances for organizational and public improvements and facilities costs incurred through the date of the agreement in the amount of \$221,829 and continuing until the agreement is terminated through mutual agreement, or full performance under the agreement.

Interest will accrue on the advances made at the current prime rate plus 1% per annum, but in no event shall the interest rate be greater than 12% per annum. The obligation to repay the Developer is subject to limitations described in the District’s service plan and is subordinate to the annual debt service payments required to any third party bondholders. Additionally, the repayment is subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations and debt service costs and expenses of the District. The Developer has advanced \$464,305 and has accrued interest of \$407,570 as of December 31, 2023.

Debt Authorization

As of December 31, 2023, the District has no remaining authorized but unissued indebtedness as limited by the service plan.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Fund Balances and Net Position/(Deficit)

Fund Balances

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

Fund balance - restricted for:	
Debt service	\$ 660,752
Fund balance - unassigned	<u>500</u>
 Total fund balance	 <u><u>\$ 661,252</u></u>

The non-spendable fund balance in the General Fund represents prepaid insurance.

The restricted fund balance in the Debt Service Fund is restricted for the payment of the debt service costs associated with the District's long-term obligations (see Note 4).

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.

Net Position/(Deficit)

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

Net position - restricted for:	
Debt service	\$ 647,630
Net position/(deficit) - unrestricted	<u>(4,507,143)</u>
 Total net position/(deficit)	 <u><u>\$ (3,859,513)</u></u>

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 District had an unrestricted deficit as of December 31, 2023, due to the previous dedication of assets to other governments, for which the District remains liable for related debt.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Related Party Information

The members of the Board of Directors of the District are employees, owners or associated with the Developer, and may have conflicts of interest in dealing with the District.

The Developer has provided certain operational funds and will provide other operations funds for District in addition to the Advance and Reimbursement Agreement (see Note 4), resulting in a Developer receivable balance of \$5,863 and a payable balance of \$7,500 as of December 31, 2023.

The District and K&C Management, LLC (affiliate of the Developer) entered into a management agreement effective January 1, 2010 whereby the District compensates K&C Management, LLC for general operating and construction management services. Management fees are paid quarterly at a minimum of \$2,500 per year, subject to annual appropriation; and project management fees are 5% of new facility costs and expenditures. The agreement will terminate at the earlier of notice by either party, or if the District fails to appropriate sufficient funds to cover management and construction management fees. Management fees of \$12,000 were paid to K&C Management, LLC during 2023.

Note 7 – 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, 2023. 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 8 – Facilities Funding Agreement

The District entered an intergovernmental agreement with the Town of Parker (the “Town”) on January 16, 2004, to fund construction of road improvements relating to Hess Road and Hilltop Road. In accordance with the agreement, during 2004 the District remitted \$3,070,000 of bond proceeds to the Town for design and construction of the Hess/Hilltop road improvements. The Town is responsible for the construction and ownership of the road improvements, therefore the District has not recorded capital assets related to the \$3,070,000 payment above.

To implement the Service Plan, the District has signed an intergovernmental agreement with the Town. The agreement is in full force and effect until such time as the District files a petition in District Court for dissolution after completion of all required statutory and election procedures.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Facilities Funding Agreement (continued)

The Town is to own, operate, maintain and construct the improvements relating to Hess Road and Hilltop Road. The District has deposited a sum of \$3,070,000 with the Town for design and construction of the Hess/Hilltop road improvements. Pursuant to the intergovernmental agreement, the District is expected to use bond proceeds to provide funding to the Town for the District's portion of the Hess/Hilltop Road Improvements.

Note 9 – 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. Any operating expense shortfall is funded by the Developer and therefore no 3% emergency reserve is provided.

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.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Tax, Spending and Debt Limitations (continued)

On November 4, 2003, the voters of the District approved that the District debt be increased \$4,660,000 with a repayment cost of \$15,000,000 or such lesser amount as may be necessary, and District taxes be increased \$750,000 annually or such lesser amount as may be necessary for the payment of such debt and any refundings thereof for the purposes of paying, leasing, financing or reimbursing all or any part of the costs of the design, acquisition, installation, construction and relocation within and without the boundaries of the District, of roadway improvements, median islands, utility relocation, drainage, signage, sidewalks, utilities, traffic signals and installation, landscaping and other improvements necessary or required for roadway improvements, together with all incidental and appurtenant facilities, equipment, land and easements, and extensions of an improvements to such facilities; such bonds to bear interest at a maximum interest rate not to exceed 12%.

On November 4, 2003, a majority of the District's voters approved that the District be authorized to retain all revenues it received from its rates, fees, tolls and other charges (both operating and capital in nature) for facilities and services and any and all other revenues it receives in 2003 and in all subsequent years; and the District be authorized to spend such revenues as voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any one year.

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.

Note 10 – Internal Transfers

During the year, the District transferred fund balance from the Debt Service Fund to the General Fund for payment of operating costs.

Pine Bluffs Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:

Interest payable - bonds	\$ (13,122)
Interest payable - developer advances	(407,570)
Long-term obligations	<u>(4,100,073)</u>
Total	<u>\$ (4,520,765)</u>

- Long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances are not due and payable in the current period and, therefore, are not in the funds. Bonds payable, 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 Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds Statement of Revenues, 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 - bonds	\$ (28,980)
Interest expense - developer advances	43,280
Bond principal	<u>(175,000)</u>
Total	<u>\$ (160,700)</u>

- Governmental funds report bond repayments as expenditures; however, the bonds 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.

Supplemental Information

Pine Bluffs Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenditures				
Bond interest paid	\$ 165,969	\$ 165,969	\$ 165,969	\$ -
Bond principal paid	175,000	175,000	175,000	-
Contingency	-	-	-	-
Paying agent fees	500	500	-	500
Administrative	500	500	-	500
TIF expenses	40,000	40,000	35,978	4,022
Treasurer's fees	7,515	7,515	7,472	43
Contingency	15,000	15,000	-	15,000
Total expenditures	<u>404,484</u>	<u>404,484</u>	<u>384,419</u>	<u>20,065</u>
General revenues				
Property taxes	501,378	501,378	534,280	32,902
Specific ownership taxes	48,313	48,313	49,794	1,481
Interest income and miscellaneous	426	426	147	(279)
Total revenues	<u>550,117</u>	<u>550,117</u>	<u>584,221</u>	<u>34,104</u>
Excess/(deficiency) of revenues over expenditures	145,633	145,633	199,802	54,169
Other financing sources/(uses)				
Transfer (to)/from other funds	<u>(31,150)</u>	<u>(48,191)</u>	<u>(53,777)</u>	<u>(5,586)</u>
Net other financing sources/(uses)	(31,150)	(48,191)	(53,777)	(5,586)
Net changes in fund balances	114,483	97,442	146,025	48,583
Fund balances				
Beginning of year	640,335	640,335	514,727	(125,608)
End of year	<u>\$ 754,818</u>	<u>\$ 737,777</u>	<u>\$ 660,752</u>	<u>\$ (77,025)</u>

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

Pine Bluffs Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General Fund	Mills Levied for Debt Service Fund	Total Property Taxes:		Percent Collected to Levied
				Levied	Collected	
2005	\$ 88,220	5.000	30.000	\$ 3,088	\$ 3,086	99.94%
2006	\$ 451,400	1.030	33.970	\$ 15,799	\$ 15,802	100.02%
2007	\$ 1,909,560	1.090	33.910	\$ 66,835	\$ 70,475	105.45%
2008	\$ 3,270,170	0.000	35.000	\$ 114,456	\$ 113,359	99.04%
2009	\$ 3,980,180	0.000	35.000	\$ 139,306	\$ 139,307	100.00%
2010	\$ 5,678,686	0.000	35.000	\$ 198,754	\$ 195,885	98.56%
2011	\$ 5,921,290	0.000	35.000	\$ 207,243	\$ 207,264	100.01%
2012	\$ 4,948,636	0.000	35.000	\$ 173,199	\$ 173,200	100.00%
2013	\$ 5,165,323	0.000	35.000	\$ 180,786	\$ 176,506	97.63%
2014	\$ 6,153,133	0.000	35.000	\$ 215,360	\$ 210,422	97.71%
2015	\$ 7,074,828	0.000	35.000	\$ 247,619	\$ 245,859	99.29%
2016	\$ 9,813,886	0.000	35.000	\$ 343,486	\$ 343,852	100.11%
2017	\$ 11,209,888	0.000	35.000	\$ 392,346	\$ 392,362	100.00%
2018	\$ 12,402,869	0.000	35.000	\$ 434,100	\$ 434,692	100.14%
2019	\$ 13,923,299	0.000	25.000	\$ 348,082	\$ 354,988	101.98%
2020	\$ 16,481,064	0.000	20.000	\$ 329,621	\$ 338,740	102.77%
2021	\$ 21,385,627	0.000	20.000	\$ 427,713	\$ 459,874	107.52%
2022	\$ 24,183,358	0.000	20.000	\$ 483,667	\$ 522,009	107.93%
2023	\$ 25,048,896	0.000	20.000	\$ 500,978	\$ 534,280	106.65%

Estimated for calendar year ending December 31, 2024:

\$ 31,077,743	0.000	12.500	\$ 388,472
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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 of 2.504 mills*

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