

Saddler Ridge Metropolitan District

Annual Financial Report

December 31, 2023





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Independent Auditor's Report

Members of the Board of Directors
Saddler Ridge Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental, business-type activities and each major fund of Saddler Ridge 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, the business-type activities and each major fund of Saddler Ridge Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Saddler Ridge Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Saddler Ridge Metropolitan District's ability to continue as a going concern 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

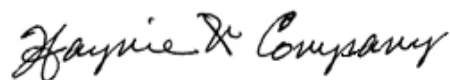
Required Supplementary Information

Management has 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 opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Saddle Ridge Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 8, 2024

Basic Financial Statements

Saddler Ridge Metropolitan District
Statement of Net Position
December 31, 2023

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and Investments	\$ 109,352	\$ 7,192	\$ 116,544
Cash and Investments - Restricted	129	-	129
Receivable from County Treasurer	619	-	619
Accounts Receivable	-	16,872	16,872
Prepaid Expenses	17,338	-	17,338
Property Taxes Receivable	299,371	-	299,371
Capital Assets, Not Being Depreciated	700,360	-	700,360
Capital Assets, Net of Accumulated Depreciation	<u>5,446,554</u>	<u>-</u>	<u>5,446,554</u>
Total Assets	<u>6,573,723</u>	<u>24,064</u>	<u>6,597,787</u>
Liabilities			
Accounts Payable	17,263	-	17,263
Other Liabilities:			
Due Within One Year	295,000	215,760	510,760
Due In More Than One Year	<u>12,876,370</u>	<u>506,611</u>	<u>13,382,981</u>
Total Liabilities	<u>13,188,633</u>	<u>722,371</u>	<u>13,911,004</u>
Deferred Inflows of Resources			
Deferred Property Tax Revenue	299,371	-	299,371
Unearned Revenue	<u>9,645</u>	<u>4,201</u>	<u>13,846</u>
Total Deferred Inflows of Resources	<u>309,016</u>	<u>4,201</u>	<u>313,217</u>
Net Position			
Net Investment in Capital Assets	(5,213,999)	-	(5,213,999)
Restricted For:			
Emergency Reserves	6,802	-	6,802
Debt Service	1,223	-	1,223
Unrestricted	<u>(1,717,952)</u>	<u>(702,508)</u>	<u>(2,420,460)</u>
Total Net Position	<u>(6,923,926)</u>	<u>(702,508)</u>	<u>(7,626,434)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 6,573,723</u>	<u>\$ 24,064</u>	<u>\$ 6,597,787</u>

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

Saddler Ridge Metropolitan District
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 672,086	\$ 82,810	\$ -	\$ 20,000	\$ (569,276)	\$ -	\$ (569,276)
Interest and Related Costs on Long-Term Debt	615,894	-	-	-	(615,894)	-	(615,894)
	<u>\$1,287,980</u>	<u>\$ 82,810</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$(1,185,170)</u>	<u>\$ -</u>	<u>\$ (1,185,170)</u>
Business-Type Activities							
Sewer Enterprise	171,249	43,437	-	17,000	-	(110,812)	(110,812)
Interest and Related Costs on Long-Term Debt	26,763	-	-	-	-	(26,763)	(26,763)
	<u>198,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,575)</u>	<u>(137,575)</u>
General revenues:							
Property Taxes					203,460	-	203,460
Specific Ownership Taxes					8,651	-	8,651
Violation Fees					2,375	-	2,375
Insurance Proceeds					186,791	-	186,791
Interest Income					5,512	-	5,512
Total general Revenues and Transfers					<u>406,789</u>	<u>-</u>	<u>406,789</u>
Change in Net Position					(778,381)	(137,575)	(915,956)
Net Position - Beginning of Year					<u>(6,145,545)</u>	<u>(564,933)</u>	<u>(6,710,478)</u>
Net position - End of Year					<u>\$(6,923,926)</u>	<u>\$ (702,508)</u>	<u>\$ (7,626,434)</u>

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

Saddler Ridge Metropolitan District
Balance Sheet and Reconciliation of Fund Balances to Net Position
Governmental Funds
December 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and Investments	\$ 87,722	\$ 578	\$ 21,052	\$ 109,352
Cash and Investments - Restricted	-	129	-	129
Receivable from County Treasurer	103	516	-	619
Property Taxes Receivable	49,894	249,477	-	299,371
Prepaid Expenses	17,338	-	-	17,338
Total Assets	155,057	250,700	21,052	426,809
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	17,263	-	-	17,263
Total Liabilities	17,263	-	-	17,263
Deferred Inflows of Resources				
Deferred Property Tax Revenue	49,894	249,477	-	299,371
Unearned Revenue	9,645	-	-	9,645
Total Deferred Inflows of Resources	59,539	249,477	-	309,016
Fund Balances				
Restricted For:				
Emergency Reserves	6,802	-	-	6,802
Debt Service	-	1,223	-	1,223
Nonspendable	17,338	-	-	17,338
Assigned for Capital	-	-	21,052	21,052
Unassigned	54,115	-	-	54,115
Total Fund Balances	78,255	1,223	21,052	100,530
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 155,057	\$ 250,700	\$ 21,052	\$ 426,809

Total Governmental Fund Balance Per Above \$ 100,530

Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:

Capital assets are reported as assets in the statement of net position but are recorded as expenditures in the funds.

Capital Assets, Not Being Depreciated	700,360
Capital Assets, Net of Accumulated Depreciation	5,446,554

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds Payable	(11,000,000)
Developer Advances Payable	(1,409,910)
Accrued Interest	(761,460)
Net Position of Governmental Activities	\$ (6,923,926)

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

Saddler Ridge Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
Revenues:				
Property Taxes	\$ 33,937	\$ 169,523	\$ -	\$ 203,460
Specific Ownership Taxes	1,442	7,209	-	8,651
Net Investment Income	3,653	1,859	-	5,512
O&M Fee	6,062	-	-	6,062
Supplemental Operations Fees	58,585	-	-	58,585
Transfer Fees	6,500	-	-	6,500
System Development Fees	-	-	20,000	20,000
Late Fees	1,027	-	-	1,027
Architecture Review Fee Income	350	-	-	350
Insurance Proceeds	-	-	186,791	186,791
Violation Fees	2,375	-	-	2,375
Other	10,286	-	-	10,286
Total Revenues	<u>\$ 124,217</u>	<u>\$ 178,591</u>	<u>\$ 206,791</u>	<u>\$ 509,599</u>
Expenditures:				
General and Administrative				
Accounting	22,799	-	-	22,799
Audit	7,800	-	-	7,800
County Treasurer's Fee	510	2,549	-	3,059
Dues	1,052	-	-	1,052
Insurance	12,591	-	-	12,591
District Management	25,200	-	-	25,200
Legal	58,278	-	325	58,603
Miscellaneous	2,479	-	-	2,479
Election Expenses	1,885	-	-	1,885
Utilities	14,589	-	-	14,589
Website	395	-	-	395
Paying Agent Fees	-	1,500	-	1,500
Capital and maintenance				
Landscaping	41,706	-	-	41,706
Pond Repairs	-	-	1,860	1,860
Landscaping Snow Removal	3,405	-	-	3,405
Repairs and Replacement	473	-	-	473
Insurance Repairs	-	-	179,740	179,740
Water Main and Tank	625	-	-	625
Outlot Mowing	9,188	-	-	9,188
Weed Control	1,097	-	-	1,097
Crack Seal & Manhole Cover Rings	-	-	36,336	36,336
UV Sensor	-	-	4,335	4,335
Tree Removal & Pruning	15,257	-	-	15,257
Recreation	-	-	9,450	9,450
Trail Repair & Grading	7,398	-	-	7,398
Debt Service				
Developer Repayment	-	-	19,642	19,642
Interest Payments	-	233,401	358	233,759
Total Expenditures	<u>226,727</u>	<u>237,450</u>	<u>252,046</u>	<u>716,223</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(102,510)</u>	<u>(58,859)</u>	<u>(45,255)</u>	<u>(206,624)</u>
Other Financing Sources (Uses):				
Developer Advances	180,000	-	17,000	197,000
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>-</u>	<u>17,000</u>	<u>197,000</u>
Net Change in Fund Balance	77,490	(58,859)	(28,255)	(9,624)
Fund balances:				
Beginning of Year	765	60,082	49,307	110,154
End of Year	<u>\$ 78,255</u>	<u>\$ 1,223</u>	<u>\$ 21,052</u>	<u>\$ 100,530</u>

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

Saddler Ridge Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Years Ended December 31, 2023

	2023
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balances - Governmental Funds	\$ (9,624)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure; however, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. In addition, in the Statement of Activities, conveyance of assets to the Water and Sewer Fund or other governmental entities is reported as an expense.	
Capital Outlay	55,425
Depreciation	(264,689)
Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Developer Repayment	19,642
Developer Advances	(197,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advances - Change in Liability	(382,135)
Change in Net Position of Governmental Activities	\$ (778,381)

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

Saddler Ridge Metropolitan District
Statement of Revenue, 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>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Property Taxes	\$ 33,903	\$ 33,903	\$ 33,937	\$ 34
Specific Ownership Taxes	1,695	1,695	1,442	(253)
Net Investment Income	1,000	1,000	3,653	2,653
O&M Fee	6,928	6,928	6,062	(866)
Supplemental Operations Fees	64,000	64,000	58,585	(5,415)
Transfer Fees	1,000	1,000	6,500	5,500
Miscellaneous Income	-	30,000	13,688	(16,312)
Architecture Review Fee Income	500	500	350	(150)
Total Revenue	<u>109,026</u>	<u>139,026</u>	<u>124,217</u>	<u>(14,809)</u>
Expenditures:				
General and Administrative				
Accounting	30,000	30,000	22,799	7,201
Audit	7,800	7,800	7,800	-
County Treasurer's Fee	509	509	510	(1)
Dues	600	600	1,052	(452)
Insurance	12,000	12,000	12,591	(591)
District Management	27,000	27,000	25,200	1,800
Legal	30,000	60,000	58,278	1,722
Miscellaneous	1,500	1,500	2,479	(979)
Election	4,500	4,500	1,885	2,615
Website	1,500	1,500	395	1,105
Operations and Maintenance				
Landscaping	34,250	34,250	41,706	(7,456)
Utilities	44,750	44,750	14,589	30,161
Architectural Review	500	500	-	500
Road Grading & Trail Repair	20,500	20,500	8,023	12,477
Outlot Mowing	11,000	11,000	9,188	1,812
Weed Control	3,000	3,000	1,097	1,903
Landscape Snow Removal & Other	9,500	9,500	3,405	6,095
Tree Removal	15,000	15,000	15,257	(257)
Repairs and Replacement	5,000	5,000	473	4,527
Contingency	9,000	9,000	-	9,000
Total Expenditures	<u>267,909</u>	<u>297,909</u>	<u>226,727</u>	<u>71,182</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(158,883)</u>	<u>(158,883)</u>	<u>(102,510)</u>	<u>56,373</u>
Other Financing Sources (Uses):				
Developer Advances	159,000	183,000	180,000	(3,000)
Total Other Financing Sources (Uses)	<u>159,000</u>	<u>183,000</u>	<u>180,000</u>	<u>(3,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses				
	117	24,117	77,490	53,373
Fund Balance—Beginning of Year	<u>34,028</u>	<u>765</u>	<u>765</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ 34,145</u>	<u>\$ 24,882</u>	<u>\$ 78,255</u>	<u>\$ 53,373</u>

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

Saddler Ridge Metropolitan District
Statement of Net Position
Sewer Enterprise Fund
December 31, 2023

Assets

Cash and Investments	\$ 7,192
Accounts Receivable	<u>16,872</u>
Total assets	<u>24,064</u>

Liabilities

Noncurrent Liabilities:	
Due In More Than One Year	<u>722,371</u>
Total liabilities	<u>722,371</u>

Deferred Inflows of Resources

Unearned Revenue	<u>4,201</u>
Total Deferred Inflows of Resources	<u>4,201</u>

Net Position

Unrestricted	<u>(702,508)</u>
Total Net Position	<u>(702,508)</u>
Total liabilities and net position	<u><u>\$ 24,064</u></u>

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

Saddler Ridge Metropolitan District
Statement of Revenue, Expenses and
Changes in Net Position—Sewer Enterprise Fund
For the Years Ended December 31, 2023

	2023
Operating Revenues	
Sewer Service Fees	\$ 43,437
Total Revenues	43,437
Operating Expenses	
Administrative and General	
Accounting	22,799
Billing Expenses	3,101
Legal	2,584
Sewer Operations	
Internet	1,564
Electricity	12,352
Supplies	1,675
Storm Repairs and Sewer Maintenance	5,927
Site Visit - Labor & Mileage	9,210
Miscellaneous Plant Equipment	3,953
Lab Wastewater Testing	4,324
Operations Supplies	218
Operations Contract	59,904
Trash	1,128
Waste Hauling	23,389
Pumps and Other	19,121
Total Expenditures	171,249
Operating Income (Loss)	(127,812)
Nonoperating Revenues	
Plant Investment Fees	2,000
Sewer Tap Fees	15,000
Total Non-operating Revenues	17,000
Nonoperating Expenses	
Interest on Developer Advances	26,763
Total Nonoperating Expenses	26,763
Change in Net Position	(137,575)
Net Position—Beginning of Year	(564,933)
Net Position—End of Year	\$ (702,508)

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

Saddler Ridge Metropolitan District
Statements of Cash Flows
Sewer Enterprise Fund
For the Years Ended December 31, 2023

	2023
Cash Flows from Operating Activities	
Cash Received From Customers	\$ 30,132
Cash Paid to Suppliers for Goods and Services	<u>(171,249)</u>
Net Cash from Operating Activities	<u>(141,117)</u>
Cash Flows from Non-Capital Financing Activities	
Developer Advances	<u>121,000</u>
Net Cash from Noncapital Financing Activities	<u>121,000</u>
Cash Flows from Capital and Related Financing Activities	
Sewer Tap Fees	15,000
Plant Investment Fees	<u>2,000</u>
Net Cash from Capital and Related Financing Activities	<u>17,000</u>
Net Change in Cash and Cash Equivalents	(3,117)
Cash and Cash Equivalents—Beginning of Year	<u>10,309</u>
Cash and Cash Equivalents—End of Year	<u><u>\$ 7,192</u></u>
Reconciliation of Net Operating Loss to	
Net Cash From Operating Activities:	
Net Operating Income	\$ (127,812)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Cash from Operating Activities:	
Changes in Assets and Liabilities:	
Change in Accounts Receivable	(14,323)
Change in Deferred Revenues	1,018
Total Adjustments	<u>(13,305)</u>
Net Cash From Operating Activities	<u><u>\$ (141,117)</u></u>

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

Saddler Ridge Metropolitan District

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

Saddler Ridge Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 25, 2003 in Weld County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Service Plan Approved by the Town Council of the Town of Severance, Colorado on July 28, 2008. The District's service area is located in the Town of Severance, Weld County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water and sanitation service, street construction, installation of safety control devices, construction and maintenance of parks and recreation facilities, public transportation, fire protection, television relay and translation system, security services and mosquito control.

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

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

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

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental fund.

The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

The District reports the following major proprietary funds:

The Sewer Enterprise Fund accounts for the sewer operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing bases be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 presented on the modified accrual basis of accounting unless otherwise indicated.

The District amended its 2023 budgets to allow for additional expenditures.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Fees

The following fees were in place for 2023:

Operations and Maintenance Fee – The recurring monthly fee for residential units owned by an end user was \$90 per month during 2023. The recurring monthly fee for commercial units owned by an end user was \$90 per month during 2023. The fee for a vacant lot owned by an end user was \$455 per year during 2023.

Transfer Fee – The fee is \$150 per transfer for each residential unit, lot or vacant lot.

System Development Fee – The fee is \$5,000 per single family, townhouse, paired home, or condominium unit, and \$.60 per square foot of commercial real property and is due at the time a certificate of occupancy is issued or pursuant to the Bulk Sale provision. The due date for commercial property is at the time a certificate of occupancy is issued or pursuant to the Bulk Sale provision. The fee for a residential property is due at the closing of the sale of a platted lot or parcel to an individual or entity purchaser or pursuant to the Bulk Sale provision of the Development Fee Agreement.

Plant Investment Fee – The fee is a one-time charge of \$1,000 per vacant lot prior to the issuance of a building permit.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Sewer Tap Fee – The fee is a one-time charge of \$7,500 per vacant lot prior to the issuance of a building permit.

Sewer Service Fee – The fee for 2023 was \$67/month per residential unit owned by an end-user and \$85/month and a cost per gallons of metered water use for each commercial unit owned.

Operations Fee for Vacant Lots – The fee was originally set at \$379 annually for each lot or vacant lot. Per subsequent amendments, this fee was \$412 annually in 2023.

Capital Assets

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

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	30 years
Sewer and Storm	30 years
Streets/Roadways	30 years

Amortization

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

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

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Equity

Net Position

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

Fund Balance

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

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

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

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

3. Cash and Investments

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

Statement of Net Position:

Cash and Investments	\$ 116,544
Cash and Investments - Restricted	<u>129</u>
Total Cash and Investments	<u>\$ 116,673</u>

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

Deposits with Financial Institutions	\$ 67,927
Investments	<u>48,746</u>
Total Cash and Investments	<u>\$ 116,673</u>

Deposits with Financial Institutions

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.

At December 31, 2023, the District's cash deposits had a bank balance of \$114,194 and carrying balance of \$116,673.

Investments

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

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

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

3. Cash and Investments (continued)

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

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

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

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

<u>Investment</u>	<u>Maturity Fair Value</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 48,617
Federated Treasury Money Market Fund	Weighted average under 60 days	<u>129</u>
		<u>\$ 48,746</u>

Saddler Ridge Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

3. Cash and Investments (continued)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Federated Treasury Money Market Fund

The debt service money that is included in the trust accounts at Zions Bank is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

Saddler Ridge Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

4. Capital Assets

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

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 700,360	\$ -	\$ -	\$ 700,360
Total Capital Assets, Not Being Depreciated	<u>700,360</u>	<u>-</u>	<u>-</u>	<u>700,360</u>
Capital Assets Being Depreciated:				
Parks and Recreation	1,117,654	9,450	-	1,127,104
Sewer and Storm	2,714,660	9,639	-	2,724,299
Streets/Roadways	3,608,467	36,336	-	3,644,803
Total Capital Assets, Being Depreciated	<u>7,440,781</u>	<u>55,425</u>	<u>-</u>	<u>7,496,206</u>
Less Accumulated Depreciation For:				
Parks and Recreation	(328,187)	(51,780)	-	(379,967)
Sewer and Storm	(821,879)	(90,810)	-	(912,689)
Streets/Roadways	(634,897)	(122,099)	-	(756,996)
Total Accumulated, Depreciation	<u>(1,784,963)</u>	<u>(264,689)</u>	<u>-</u>	<u>(2,049,652)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,655,818</u>	<u>(209,264)</u>	<u>-</u>	<u>5,446,554</u>
Capital Assets, Net	<u>\$ 6,356,178</u>	<u>\$ (209,264)</u>	<u>\$ -</u>	<u>\$ 6,146,914</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	<u>\$ 264,689</u>
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Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

5. Long-Term Obligations

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

	Balance at December 31, 2022	Additions	Repayments	Balance at December 31, 2023
<u>Governmental Activities</u>				
GO Bonds - Series 2017A	\$ 6,350,000	\$ -	\$ -	\$ 6,350,000
Accrued Interest- 2017 A Bonds	26,458	317,500	(135,214)	208,744
GO Subordinate Bonds - Series 2017B	4,650,000	-	-	4,650,000
Accrued Interest- 2017 B Bonds	16,821	232,500	(98,187)	151,134
Total Bonds and Related Interest	<u>11,043,279</u>	<u>550,000</u>	<u>(233,401)</u>	<u>11,359,878</u>
Developer Advances - Capital - Third Party Advances	3,667	17,000	(19,642)	1,025
Accrued Interest - Developer Advances - Capital Third Party Advances	-	367	(358)	9
Developer Advances - Operating - Third Party Advances	1,228,885	180,000	-	1,408,885
Accrued Interest - Developer Advances - Operating Third Party Advances	336,046	65,525	-	401,571
Total Debt - Governmental Activities	<u>\$ 12,611,877</u>	<u>\$ 812,892</u>	<u>\$ (253,401)</u>	<u>\$ 13,171,369</u>
<u>Business-Type Activities</u>				
Developer Advances - Capital - Third Party Advances	489,930	121,000	-	610,930
Accrued Interest - Developer Advances - Third Party Advances	84,678	26,762	-	111,440
	<u>\$ 574,608</u>	<u>\$ 147,762</u>	<u>\$ -</u>	<u>\$ 722,370</u>

\$6,350,000 Series 2017A General Obligation Bonds

On January 26, 2017, the District issued Series 2017 A General Obligation Limited Tax Bonds (Series 2017A Bonds) in the amount of \$6,350,000. The Series 2017A Bonds bear no interest from the Issue Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments begin June 1, 2020.

The Series 2017A Bonds are subject to redemption priority, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

Saddler Ridge Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Obligations (continued)

The Series 2017A Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from the following sources, after payment of any costs of collection: 1) the Required Mill Levy; 2) the Pledged Specific Ownership Taxes; 3) The Pledged Development Fees; and 4) any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of the following mill levies, adjusted, provided the required mill levy does not result in tax revenue in excess of the maximum tax increases permitted by the 2007 Election debt authorization allocated to the bonds.

The maximum Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2023, the adjusted maximum mill levy is 54.492 for collection in 2023.

Levy Year	Tax Collection Year	Required Mill Levy (subject to Adjustment)
2017	2018	20.000 mills
2018 through 2020	2019 through 2021	25.000 mills
2021	2022	45.000 mills
2022 and thereafter	2023 and thereafter	50.000 mills

The principal and interest that is not paid when due shall remain outstanding until paid, and unpaid interest does not compound. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the bond principal and interest. The bonds are deemed to be released upon payment by the District. As of December 31, 2023, the District had \$145,000 in unpaid principal and \$182,286 in accrued and unpaid interest on the Series 2017A Bonds.

\$4,650,000 Series 2017B General Obligation Bonds

On January 26, 2017, the District issued Series 2017B General Obligation Limited Tax Bonds (Series 2017B Bonds) with a final amount of \$4,650,000. In 2022, an additional \$1,956,000 was drawn on these bonds and used to repay a portion of developer advances. As of December 31, 2023, the amount drawn on the Series 2017B Bonds was \$4,650,000.

The Series 2017B Bonds bear no interest from the Advance Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments began June 1, 2020.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

5. Long-Term Obligations (continued)

The Series 2017B Bonds were issued initially as a single Series 2017B Bond and registered in the name of the Liberty Savings Bank, F.S.B., a Federal Savings Bank (the Bank). The purchase price for the Series 2017B Bonds shall be paid by the Bank in the form of Advances made by the Bank up to the final par amount of \$4,650,000. The District's available voter-approved debt authorization shall be allocated to the Series 2017B Bonds upon receipt of each advance based upon the actual expenditure of the proceeds thereof.

The principal and interest that is not paid when due shall remain outstanding until paid, and unpaid interest does not compound. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the bond principal and interest. The bonds are deemed to be released upon payment by the District. As of December 31, 2023, the District had \$105,555 in unpaid principal and \$131,760 in accrued and unpaid interest on the Series 2017B Bonds.

The Series 2017B are subject to mandatory redemption prior to maturity, from and to the extent of excess amounts credited from the Project Fund to the Bond fund. The Series 2017B Bonds are also subject to redemption prior to the maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

Funding and Reimbursement Agreement

On December 12, 2013 the District and the Bank (collectively, the Parties) entered into a Funding and Reimbursement Agreement (the Agreement). The Agreement provided for \$56,800 funding by the bank of certain District 2013-2014 Operating and Maintenance (O&M) expenses, plus \$540,000 specific capital improvements (CIP Advance) in exchange for the District issuing final acceptance of public infrastructure, as set forth in the Agreement.

On August 11, 2014 the Parties entered into the First Amendment to the Agreement, allowing the District to use up to \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District.

On January 6, 2015, the Parties entered into the Second Amendment to the Agreement, allowing the District to use an additional \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District and extend the term of the Agreement until December 31, 2015.

On December 15, 2015, the Parties entered into the Third Amendment to the agreement, increasing the CIP O&M Advance for 2015, and allocating additional funds up to \$162,841 for O&M expenses in 2016, leaving a remaining balance of \$81,064 from the original CIP Advance of \$540,000.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

5. Long-Term Obligations (continued)

On September 21, 2016, the Parties entered into the Fourth Amendment to the Agreement, allocating the remaining balance of \$81,064 from the original CIP Advance and an additional \$442,103 through the end of 2016 as a CIP advance for authorized Infrastructure and Improvements necessary for the District's provision of: (i) up to \$241,000 for sanitary sewer plant/service; (ii) up to \$120,000 for O&M Expense; and (iii) up to \$120,000 for pond repair.

On January 1, 2017 the Parties entered into the Fifth Amendment to the Agreement, under the terms of which the Bank agreed to fund an additional maximum amount of \$210,000 for anticipated General Fund expenses and a maximum amount of \$110,000 for Cost of Issuance expenses incurred by the District. In 2018, the Bank agreed to fund an additional Maximum amount of \$200,000 for anticipate General Fund expenses.

On November 15, 2017, the Parties entered into the Sixth Amendment to the Agreement, stating that in no event shall the Bank assign, transfer or convey all or any portion of its rights to receive repayment from the District. Any purported assignment, transfer or conveyance shall be void.

On May 31 2019, the District entered into the Funding and Reimbursement Agreement (Operations and Maintenance), Funding and Reimbursement Agreement (Wastewater Enterprise) and Funding and Reimbursement Agreement (Capital Costs) with Liberty Savings Bank, F.S.B. (collectively, the "Funding and Reimbursement Agreements"). The Funding and Reimbursement Agreements established the terms and conditions pursuant to which Liberty Savings Bank would advance funds to the District for the various purposes covered by the respective Funding and Reimbursement Agreement and how such advances would be repaid by the District. The Funding and Reimbursement Agreements superseded and replaced in their entirety the prior funding agreements and their amendments. In addition to the Funding and Reimbursement Agreements, the District and Liberty Savings Bank entered into two fill-up promissory notes that would accompany the Funding and Reimbursement Agreement (Operations and Maintenance) and the Funding and Reimbursement Agreement (Wastewater Enterprise) (collectively, the "Promissory Notes"). The Promissory Notes established advances in the amount of up to \$2,000,000 for operations and maintenance advances and up to \$1,000,000 for the wastewater enterprise advances as "debt" of the District that would be owed to Liberty Savings Bank. An accompanying promissory note was not put in place for the Funding and Reimbursement Agreement (Capital Costs) due to impacts it could have had on the outstanding 2017A and 2017B Bonds. The Promissory Notes are subordinate to the 2017A and 2017B Bonds.

On January 1, 2020, the Parties entered into the First Amendment to the Funding and Reimbursement Agreement (Operations and Maintenance) Agreement, stating that the funds advanced by the Bank to be extended to and available to the District through December 31, 2020.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

5. Long-Term Obligations (continued)

On May 20, 2020, the Parties entered into the Second Amendment to the Funding and Reimbursement Agreement (Operations and Maintenance) Agreement, under the terms of which the Bank agreed to increase the maximum funding cap of \$100,000 to \$200,000 for anticipated General Fund expenses. A Third Amendment to the agreement, effective April 21, 2021, increased the maximum funding cap from \$200,000 to \$350,000 and extended the term to December 31, 2021. A Fourth Amendment to the agreement was entered into on January 19, 2022 extending the term to December 31, 2022. A Fifth Amendment was entered into on November 28, 2022 extending the term to December 31, 2023. A Sixth Amendment was entered into on November 7, 2023 which extended the term to December 31, 2024 and increased the maximum funding cap from \$350,000 to \$700,000.

On January 1, 2020, the Parties entered into the First Amendment to the Funding and Reimbursement Agreement (Wastewater Enterprise) Agreement, stating that the funds advanced by the Bank to be extended to and available to the District through December 31, 2020. A Second Amendment to the agreement was entered into on April 21, 2021 which increased the amount to \$200,000 and extended the term to December 31, 2021. A Third Amendment to the agreement was entered into on January 19, 2022 which increased the amount to \$250,000 and extended the term to December 31, 2022. A Fourth Amendment to the agreement was entered into on November 28, 2022 which extended the term to December 31, 2023. A Fifth Amendment was entered into on November 7, 2023 which increased the maximum funding cap from \$250,000 to \$550,000 and extended the term to December 31, 2024.

As of December 31, 2023 the District owes a total of \$2,020,840 in Developer Advances principal and \$513,020 in accrued interest.

The District's Series 2017A Bonds will mature as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	295,000	499,786	794,786
2025	155,000	302,750	457,750
2026	165,000	295,000	460,000
2027	175,000	286,750	461,750
2028	185,000	278,000	463,000
2029-2033	1,075,000	1,241,250	2,316,250
2034-2038	1,340,000	947,250	2,287,250
2039-2043	1,715,000	577,250	2,292,250
2044-2046	1,245,000	126,500	1,371,500
Total	<u>\$ 6,350,000</u>	<u>\$ 4,554,536</u>	<u>\$ 10,904,536</u>

Saddler Ridge Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Liabilities (continued)

The District's Series 2017B Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	215,760	358,982	574,742
2025	113,925	221,712	335,637
2026	120,900	216,016	336,916
2027	127,875	209,971	337,846
2028	134,850	203,577	338,427
2029-2033	787,710	909,029	1,696,739
2034-2038	981,150	693,757	1,674,907
2039-2043	1,255,965	422,778	1,678,743
2044-2046	911,865	92,651	1,004,516
Total	<u>\$4,650,000</u>	<u>\$3,328,472</u>	<u>\$ 7,978,472</u>

Debt Authorization

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

	<u>Authorized November 6, 2007 Election</u>	<u>Series 2017A Authorization Used</u>	<u>Series 2017B Authorization Used</u>	<u>Remaining at December 31, 2021</u>
Streets	\$ 9,900,000	\$ 1,710,706	\$ -	\$ 8,189,294
Traffic and Safety	750,000	-	-	\$ 750,000
Water	4,100,000	1,780,768	-	\$ 2,319,232
Sanitation	10,500,000	2,102,125	4,650,000	\$ 3,747,875
Parks and Recreation	6,100,000	756,401	-	\$ 5,343,599
Total	<u>\$ 31,350,000</u>	<u>\$ 6,350,000</u>	<u>\$ 4,650,000</u>	<u>\$ 20,350,000</u>

Pursuant to the service plan, the total debt that the District shall be permitted to issue shall not exceed \$31,350,000, exclusive of refunding. Additionally, the maximum debt mill levy is 50.000 mills (as adjusted).

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of liabilities that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had invested in capital assets, net of related debt calculated as follows:

Net investment in capital assets:	
Capital Assets, Net	\$ 6,146,914
Outstanding Long-Term Debt Applicable to Capital Assets	<u>(11,360,913)</u>
Net investment in capital assets	<u>\$ (5,213,999)</u>

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

Restricted net position:	
Debt Service	\$ 1,223
Emergency Reserves	<u>6,802</u>
Total restricted net position	<u>\$ 8,025</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, some of which will be conveyed to other governmental entities, and the repayment of Developer advances and related accrued interest.

7. Related Party

The Developer of the property which constitutes the District is the Bank. Certain members of the Board of Directors are employees of, owners of, or otherwise associated with the Developers, and may have conflicts of interest in dealing with the District.

Saddler Ridge Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

8. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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.

9. Tax, Spending and Debt Limitations

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

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

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.

On November 6, 2007, the District's voters approved for an annual increase in taxes of \$6,336,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

Saddler Ridge Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

9. Tax, Spending and Debt Limitations (continued)

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

Supplementary Information

Saddler Ridge Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—Debt Service Fund
For the Year Ended December 31, 2023

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes	\$ 169,522	\$ 169,523	\$ 1
Specific Ownership Taxes	8,476	7,209	(1,267)
Net Investment Income	10,400	1,859	(8,541)
Total Revenue	188,398	178,591	(9,807)
Expenditures:			
County Treasurer's Fees	2,543	2,549	(6)
Paying Agent Fees	1,500	1,500	-
Bond Principal Repayments	240,930	-	240,930
Bond Interest Payments	528,800	233,401	295,399
Less Funds Not Available	(538,028)	-	(538,028)
Contingency	10,000	-	10,000
Total Expenditures	245,745	237,450	8,295
Excess (Deficiency) of Revenues Over Expenditures	(57,347)	(58,859)	(1,512)
Fund Balance—Beginning of Year	57,346	60,082	2,736
Fund Balance—End of Year	\$ (1)	\$ 1,223	\$ 1,224

Saddler Ridge Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—Capital Projects Fund
For the Year Ended December 31, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
System Development Fees	\$ 10,000	\$ 20,000	\$ 10,000
Insurance Proceeds	<u>50,000</u>	<u>186,791</u>	<u>136,791</u>
Total Revenue	<u>60,000</u>	<u>206,791</u>	<u>146,791</u>
Expenditures:			
General and Administrative			
Legal	-	325	(325)
Capital			
Ponds	-	1,860	(1,860)
Insurance Repairs	108,000	179,740	(71,740)
Crack Seal & Manhole Cover Rings	-	36,336	(36,336)
UV Sensor	-	4,335	(4,335)
Recreation	-	9,450	(9,450)
Water System	800,000	-	800,000
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>928,000</u>	<u>232,046</u>	<u>695,954</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(868,000)</u>	<u>(25,255)</u>	<u>842,745</u>
Other Financing Sources (Uses):			
Developer Advance	820,000	17,000	(803,000)
Developer Repayment - principal	(10,000)	(19,642)	(9,642)
Developer Repayment - Interest	<u>-</u>	<u>(358)</u>	<u>(358)</u>
Total Other Financing Sources (Uses)	<u>810,000</u>	<u>(3,000)</u>	<u>(813,000)</u>
Excess (Deficiency) of Revenues and Other			
Financing Sources Over Expenditures			
and Other Uses	(58,000)	(28,255)	29,745
Fund Balance—Beginning of Year	<u>58,527</u>	<u>49,307</u>	<u>(9,220)</u>
Fund Balance—End of Year	<u>\$ 527</u>	<u>\$ 21,052</u>	<u>\$ 20,525</u>

Saddler Ridge Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Budget and Actual—Sewer Enterprise Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Plant Investment Fees	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Sewer Tap Fees	15,000	30,000	15,000	(15,000)
Sewer Service Fees	48,636	48,636	43,437	(5,199)
Total Revenues	<u>65,636</u>	<u>80,636</u>	<u>60,437</u>	<u>(20,199)</u>
Expenditures:				
General and operations				
Accounting	30,000	30,000	25,900	4,100
Legal	1,000	1,000	2,584	(1,584)
Plant Equipment	5,000	5,000	3,953	1,047
Internet	1,750	1,750	1,564	186
Electricity	21,000	21,000	12,352	8,648
Storm Repairs and Sewer Maintenance	4,400	4,400	5,927	(1,527)
Chemicals - Wastewater (Carbon Candy)	1,500	1,500	1,675	(175)
Emergency and Additional Services	5,000	5,000	9,210	(4,210)
Lab Wastewater Testing	5,500	5,500	4,324	1,176
Operations Contract	64,488	64,488	60,122	4,366
Trash	1,100	1,100	1,128	(28)
Waste Hauling	8,000	20,000	23,389	(3,389)
Sewer	22,500	37,500	19,121	18,379
Contingency	15,000	10,000	-	10,000
Total Expenditures	<u>186,238</u>	<u>208,238</u>	<u>171,249</u>	<u>36,989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(120,602)</u>	<u>(127,602)</u>	<u>(110,812)</u>	<u>(16,790)</u>
Other Financing Sources (Uses)				
Developer advances	120,000	120,000	121,000	1,000
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>120,000</u>	<u>121,000</u>	<u>1,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(602)	(7,602)	10,188	17,790
Fund Balance—Beginning of Year	<u>5,792</u>	<u>9,675</u>	<u>9,675</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ 5,190</u>	<u>\$ 2,073</u>	<u>\$ 19,863</u>	<u>\$ 17,790</u>
Reconciliation to GAAP-Basis Financial Statements				
Developer Advance Payable			\$ (610,930)	
Accrued Interest			<u>(111,441)</u>	
Net Position—End of Year (GAAP-Basis)			<u>\$ (702,508)</u>	

Saddler Ridge Metropolitan District
Schedule of Debt Service Requirements to Maturity
Series 2017 A Bonds
For the Year Ended December 31, 2023

Year Ending December 31,	Principal	Total Interest	Total
2024	\$ 295,000	\$ 499,786	\$ 794,786
2025	155,000	302,750	457,750
2026	165,000	295,000	460,000
2027	175,000	286,750	461,750
2028	185,000	278,000	463,000
2029	195,000	268,750	463,750
2030	205,000	259,000	464,000
2031	215,000	248,750	463,750
2032	225,000	238,000	463,000
2033	235,000	226,750	461,750
2034	245,000	215,000	460,000
2035	255,000	202,750	457,750
2036	265,000	190,000	455,000
2037	280,000	176,750	456,750
2038	295,000	162,750	457,750
2039	310,000	148,000	458,000
2040	325,000	132,500	457,500
2041	340,000	116,250	456,250
2042	360,000	99,250	459,250
2043	380,000	81,250	461,250
2044	395,000	62,250	457,250
2045	415,000	42,500	457,500
2046	435,000	21,750	456,750
	<u>\$ 6,350,000</u>	<u>\$ 4,554,536</u>	<u>\$ 10,904,536</u>

Saddler Ridge Metropolitan District
Schedule of Debt Service Requirements to Maturity
Series 2017 B Bonds
For the Year Ended December 31, 2023

Year Ending December 31,	Principal	Total Interest	Total
2024	\$ 215,760	\$ 358,982	\$ 574,742
2025	113,925	221,712	335,637
2026	120,900	216,016	336,916
2027	127,875	209,971	337,846
2028	134,850	203,577	338,427
2029	143,220	196,835	340,055
2030	150,195	189,674	339,869
2031	157,170	182,164	339,334
2032	165,075	174,305	339,380
2033	172,050	166,052	338,102
2034	179,025	157,449	336,474
2035	186,930	148,498	335,428
2036	193,905	139,151	333,056
2037	205,065	129,456	334,521
2038	216,225	119,203	335,428
2039	226,920	108,392	335,312
2040	238,080	97,046	335,126
2041	248,775	85,142	333,917
2042	264,120	72,703	336,823
2043	278,070	59,497	337,567
2044	289,230	45,593	334,823
2045	304,110	31,132	335,242
2046	318,525	15,926	334,451
	<u>\$ 4,650,000</u>	<u>\$ 3,328,472</u>	<u>\$ 7,978,472</u>

Saddler Ridge Metropolitan District
Schedule of Assessed Valuation, Mill Levy, and
Property Taxes Collected
For the Year Ended December 31, 2023

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 1,242,580	27.638	27.638	\$ 68,684	\$ 69,146	98.61%
2020	1,755,860	37.072	26.480	111,588	111,588	100.00%
2021	2,837,070	36.639	26.171	178,196	178,197	100.00%
2022	2,938,470	15.943	47.828	187,389	186,006	99.26%
2023	3,110,960	10.898	54.492	203,425	203,460	100.02%
Estimated for the year ending 12/31/2024	\$ 4,129,940	12.081	60.407	\$ 299,371		

Note:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.