

RITORO METROPOLITAN DISTRICT

c/o Special District Solutions, Inc.
2370 Antelope Ridge Trail
Parker, CO 80138
303-662-1999
<https://ritoromd.colorado.gov/>

Annual District Report for 2022

The Ritoro Metropolitan District (the “District”) is a Title 32 Special District that was established on June 24, 2008 for the purpose of financing public improvements for the use and benefit of the residents and taxpayers of the District. The District is wholly located within the borders of the Town of Elizabeth, in Elbert County, CO.

As required by Section 32-1-207(3)(c) and Section VII of the Amended and Restated Service Plan of the District, approved by the Town of Elizabeth on September 27, 2016, the following report is hereby submitted.

1. Boundary Changes - There have been no recent changes made or proposed to the District’s boundaries as of December 31, 2022.
2. Intergovernmental Agreements - The District did not enter into or terminate Intergovernmental Agreements during 2022.
3. Litigation Involving Public Improvements - The District is not currently involved in any legal actions or litigations, and management has no knowledge of any pending actions.
4. Public Improvements - The installation of infrastructure improvements, i.e. streets, stormwater, water delivery and wastewater collection was completed between 2018 and 2020 (with the Town of Elizabeth granting final acceptance for Filing No. 1 improvements on December 4, 2020, and probationary acceptance for Filings Nos. 2 and 3 on May 20, 2020, with final acceptance or Filings Nos. 2 and 3 anticipated in Summer of 2023), and all planned single-family homes have been constructed within the District.
5. Facilities and Improvements Constructed – The Town of Elizabeth granted final acceptance for Filing No. 1 improvements on December 4, 2020, and probationary acceptance for Filings Nos. 2 and 3 on May 20, 2020, with final acceptance or Filings Nos. 2 and 3 anticipated in Summer of 2023.
6. Assessed Valuation - The District’s 2022 Assessed Valuation (for property tax collection in 2023) is \$9,238,640 and the District’s 2022 mill levy was certified for collection in fiscal year 2023 at 68.719 mills.
7. Access information to obtain a copy of rules and regulations adopted – The District does not currently have any adopted rules or regulations.

8. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument – To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
9. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period – To our knowledge, the District has been able to pay its obligations as they come due.
10. Copies of the following District documents are attached to this report:
 - 2023 Budget
 - 2023 Certification of Values (for taxable year 2022)
 - 2023 Certification of Tax Levies
 - 2022 Financial Audit

Please direct any questions regarding the District or this report to the District’s Manager, Mr. Kurt C. Schlegel, at kurt@SpecialDistrictSolutions.com or 303-662-1999.

RITORO METROPOLITAN DISTRICT

January 26, 2023

Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Ritoro Metropolitan District

LG ID# 66045

Attached is the 2023 Budget for the Ritoro Metropolitan District in Elbert County, Colorado, submitted pursuant to Section 29-1-116, C.R.S. This Budget was adopted on October 28, 2022. If there are any questions on the budget, please contact Mr. Eric Weaver, telephone number 970-926-6060 Ext. 6.

The mill levy certified to the County Commissioners of Elbert County is 11.453 mills for all general operating purposes subject to statutory and/or TABOR limitations; 57.266 mills for G.O. bonds; 0.000 mills for refund/abatement; and 0.000 mills for Temporary Tax Credit/Mill Levy Reduction. Based on an assessed valuation of \$9,238,640, the total property tax revenue is \$634,870.10. A copy of the certification of mill levies sent to the County Commissioners for Elbert County is enclosed.

I hereby certify that the enclosed is a true and accurate copy of the budget and certification of tax levies to the Board of County Commissioners of Elbert County, Colorado.

Sincerely,



Eric Weaver
District Accountant

Enclosure(s)

Financial Management Provided By Marchetti & Weaver, LLC

Mountain Office
28 Second Street, Suite 213
Edwards, CO 81632
(970) 926-6060

Website & Email
www.mwcpaa.com
Admin@mwcpaa.com

Front Range Office
245 Century Circle, Suite 103
Louisville, CO 80027
(720) 210-9136

RESOLUTION NO. 2022-10-02

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY
RESOLUTION OF THE BOARD OF DIRECTORS OF RITORO METROPOLITAN
DISTRICT, ELBERT COUNTY, COLORADO, PURSUANT TO SECTION 29-1-108,
C.R.S., SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND,
ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY FOR THE
BUDGET YEAR 2023**

A. The Board of Directors of Ritoro Metropolitan District (the “**District**”) has appointed the District’s Accountant to prepare and submit a proposed budget to said governing body at the proper time.

B. The District’s Accountant has submitted a proposed budget to this governing body for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 28, 2022, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RITORO METROPOLITAN DISTRICT, ELBERT COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

**[SIGNATURE PAGE TO RESOLUTION TO ADOPT
BUDGET AND APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED on October 28, 2022.

RITORO METROPOLITAN DISTRICT

By: DocuSigned by:
Jim Marshall
EF6A6A2080B446F...

James E. Marshall, President

Attest:

By: DocuSigned by:
Kurt Schlegel
EC1F85D595604F1...

Secretary

EXHIBIT A

Budget

I, Kurt C. Schlegel, hereby certify that I am the duly appointed Secretary of the Ritoro Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Ritoro Metropolitan District held on October 28, 2022.

DocuSigned by:
Kurt Schlegel
EC1F85D595604F1...

Secretary

RITORO METROPOLITAN DISTRICT

2023 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Through its Service Plan, the Ritoro Metropolitan District (the “District”) is authorized to plan for, design, and finance certain street, street lighting, traffic and safety controls, water, sewer, landscaping, and park and recreation improvements within and without the District’s boundaries.

Revenue

The source of funds for operations in 2023 will be from ad valorem taxes. The District has certified a mill levy of 11.453 mills for the 2023 budget year for operations and maintenance expenses, which will yield approximately \$105,810 in property tax revenue, and a Debt Service mill levy of 57.266 mills that will yield approximately \$529,060 in property tax revenues.

Expenditures

Administrative expenses will be primarily for legal services, insurance, management, and accounting costs.

Debt Service expenses will consist Bond Interest, Treasurer’s Fees, Bank Charges, and Paying Agent Fees.

Funds Available

The District’s budget is funded from Ad Valorem taxes to cover the District’s operations, administrative, and debt service functions.

Accounting Method

The District prepares its budget on the modified accrual basis of accounting.

Ritoro Metropolitan District
Statement of Net Position
August 31, 2022

	General Fund	Debt Service Fund	Fixed Assets & LTD	Total
ASSETS				
CASH				
INBank Checking	40,907			40,907
UMB Bank - Reserve Fund		646,043		646,043
UMB Bank - Bond Payment Fund		205,204		205,204
UMB Bank - Surplus Fund		284,434		284,434
Pooled Cash	-	-		-
TOTAL CASH	40,907	1,135,682	-	1,176,589
OTHER CURRENT ASSETS				
Due From County Treasurer	-	-		-
Property Tax Receivable	77,318	386,619		463,937
Prepaid Expense	450			450
TOTAL OTHER CURRENT ASSETS	77,768	386,619	-	464,387
FIXED ASSETS				
Construction in Progress			11,426,584	11,426,584
TOTAL FIXED ASSETS	-	-	11,426,584	11,426,584
TOTAL ASSETS	118,676	1,522,300	11,426,584	13,067,560
LIABILITIES & DEFERED INFLOWS				
CURRENT LIABILITIES				
Accounts Payable	10,553			10,553
TOTAL CURRENT LIABILITIES	10,553	-	-	10,553
DEFERRED INFLOWS				
Deferred Property Taxes	77,318	386,619		463,937
TOTAL DEFERRED INFLOWS	77,318	386,619	-	463,937
LONG-TERM LIABILITIES				
Bonds Payable - Series 2019A			8,195,000	8,195,000
Bonds Payable - Series 2019B			2,190,000	2,190,000
Bonds Payable - Series 2022C			3,160,000	3,160,000
Developer Payable- Capital			-	-
Developer Payable- Operations			59,841	59,841
Accrued Interest- Series 2019A			34,146	34,146
Accrued Interest- Series 2019B			7,756	7,756
Accrued Interest- Series 2022C			-	-
Accrued But Unpaid Interest- Series 2019B			599,808	599,808
Accrued But Unpaid Interest- Series 2022C			-	-
Accrued Int- Developer Payable- Ops			24,920	24,920
Accrued Int- Developer Payable- Cap			420,543	420,543
TOTAL LONG-TERM LIABILITIES	-	-	14,692,013	14,692,013
TOTAL LIAB & DEF INFLOWS	87,871	386,619	14,692,013	15,166,503
NET POSITION				
Inv in Capital Assets			11,426,584	11,426,584
Amount to be Provided for Debt			(14,692,013)	(14,692,013)
Fund Balance- Non-Spendable	450			450
Fund Balance- Restricted	3,000	1,135,682		1,138,682
Fund Balance- Unassigned	27,355			27,355
TOTAL NET POSITION	30,805	1,135,682	(3,265,429)	(2,098,943)
	=	=	=	=

Ritiro Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/17/2023

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 08/31/22 Actual	YTD Thru 08/31/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes/Assumptions
PROPERTY TAXES									
Total Assessed Valuation	4,900,180	7,516,850	7,516,850	7,516,850				9,238,640	Nov. 2022 Final AV
Mill Levy - General Fund	11.132	11.132	11.132	11.132				11.453	10 Mills Adjusted For Lower Assessment Rate
Mill Levy - Debt Service Fund	55.664	55.664	55.664	55.664				57.266	50 Mills Adjusted For Lower Assessment Rate
Total Mill Levy	66.796	66.796	66.796	66.796				68.719	
Property Tax Revenue - General Fund	54,549	83,678	83,678	83,678				105,810	AV * Mills / 1,000
Property Tax Revenue - Debt Service Fund	272,764	418,418	418,418	418,418				529,060	AV * Mills / 1,000
Total Property Taxes	327,312	502,096	502,096	502,096				634,870	

Ritiro Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/17/2023

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 08/31/22 Actual	YTD Thru 08/31/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes/Assumptions
COMBINED FUNDS									
REVENUE									
Property Taxes	326,870	502,096	502,096	502,096	498,773	502,096	(3,323)	634,870	50 Mills Debt + 10 Ops, Gallagherized 13% of Property Taxes Budgeted High To Allow For Contingency
Specific Ownership Taxes	56,141	67,783	67,783	67,783	43,341	39,540	3,801	82,533	
Interest & Other Income	658	5,750	5,750	16,650	6,715	3,833	2,882	44,000	
TOTAL REVENUE	383,669	575,629	575,629	586,528	548,829	545,469	3,360	761,403	
EXPENDITURES									
Administration									
Accounting, Legal, Management, & Audit	49,165	55,000	55,000	65,695	45,675	39,000	(6,675)	68,250	Per General Fund
Insurance, SDA Dues, Misc Other	3,417	4,350	4,350	4,839	4,300	3,933	(366)	5,500	Per General Fund
Treasurer's Fees	9,768	15,063	15,063	15,063	14,936	14,226	(710)	19,046	3% of Property Taxes
Contingency	-	5,000	5,000	-	-	3,333	3,333	10,000	Allowance For Unforeseen Needs
Debt Service									
Bond Interest	409,750	409,750	409,750	409,750	204,875	204,875	-	409,750	Per Amortization Schedule
Bond Principal	-	-	-	-	-	-	-	25,000	Per Amortization Schedule
Developer Repayment Principal	-	35,000	2,992,408	3,000,408	3,000,408	25,000	(2,975,408)	41,000	Estimated Funds Available For Repayment
Developer Repayment Interest	-	-	477,521	26,653	26,653	-	(26,653)	-	-
Trustee Administrative Fee	7,104	7,250	7,250	7,350	7,193	7,167	(27)	7,500	Trustee Fees \$7k 2019 Series; \$0 2022C Series
Debt Issuance Expense	-	-	124,000	158,100	158,100	-	(158,100)	-	-
Contingency	-	10,000	201,071	-	-	6,667	6,667	10,000	Unforeseen Needs
Capital Outlay									
-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	479,205	541,413	4,291,413	3,687,858	3,462,140	304,201	(3,157,939)	596,046	
REVENUE OVER / (UNDER) EXPENDITURES	(95,536)	34,216	(3,715,784)	(3,101,330)	(2,913,311)	241,268	(3,154,579)	165,357	
OTHER SOURCES / (USES)									
Developer Advances	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	3,750,000	3,160,000	3,160,000	-	3,160,000	-	-
TOTAL OTHER SOURCES / (USES)	-	-	3,750,000	3,160,000	3,160,000	-	3,160,000	-	
CHANGE IN FUND BALANCE	(95,536)	34,216	34,216	58,670	246,689	241,268	5,421	165,357	
BEGINNING FUND BALANCE	1,015,333	914,204	919,776	919,797	919,797	914,204	5,594	978,468	
ENDING FUND BALANCE	919,797	948,419	953,991	978,468	1,166,486	1,155,472	11,015	1,143,825	
COMPONENTS OF FUND BALANCE									
Non-Spendable	2,995	3,255	3,255	4,100	450	-	-	4,305	Prepaid Insurance
TABOR Emergency Reserve	2,000	3,056	3,056	3,000	3,000	-	-	3,900	3% of operating expenditures
Restricted For Debt Service	901,963	932,911	938,483	963,972	1,135,682	-	-	1,127,688	Surplus, Cap I, and Bond Payment Funds
Restricted For Capital Projects	-	-	-	-	-	-	-	-	-
Assigned for Subsequent Year Budget	-	-	-	-	-	-	-	-	-
Unassigned	12,840	9,197	9,197	7,396	27,355	-	-	7,932	-
TOTAL ENDING FUND BALANCE	919,797	948,419	953,991	978,468	1,166,486	1,155,472	11,015	1,143,825	
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No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Ritiro Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/17/2023

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 08/31/22 Actual	YTD Thru 08/31/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes/Assumptions
GENERAL FUND									
REVENUE									
Property taxes - Operations	54,475	83,678	83,678	83,678	83,124	83,678	(554)	105,810	10 Mills Adjusted For Lower Assessment Rate
Specific Ownership Taxes	9,356	10,878	10,878	10,878	7,223	6,346	878	13,755	13% of Property Taxes
Interest Income	26	5,000	5,000	150	87	3,333	(3,247)	10,000	Equal to Contingency
TOTAL REVENUE	63,857	99,556	99,556	94,706	90,434	93,356	(2,923)	129,565	
EXPENDITURES - GENERAL									
Administration									
Accounting	21,290	21,000	21,000	21,000	13,342	14,000	658	23,000	Based on 2022 Forecast
Audit	6,158	7,000	7,000	6,750	6,750	7,000	250	7,250	Based on 2022 Forecast
District Management	6,367	9,500	9,500	7,500	4,735	6,333	1,598	8,000	Based on 2022 Forecast
Elections	25	5,000	5,000	445	445	3,333	2,888	5,000	Assume Cancelled
Legal	15,326	12,500	12,500	30,000	20,403	8,333	(12,070)	25,000	Based on 2022 Forecast
Engineering	-	-	-	-	-	-	-	-	
Insurance & SDA Dues	2,794	3,100	3,100	3,589	3,589	3,100	(489)	4,100	Based on 2022 Forecast
Office Supplies, Bank & Bill.com Fees, Other	623	1,250	1,250	1,250	711	833	122	1,400	Bill.com and other misc costs
Treasurer's fees	1,628	2,510	2,510	2,510	2,489	1,674	(816)	3,174	3% of Property Taxes
Property Taxes	-	-	-	-	-	-	-	-	
Contingency	-	5,000	5,000	-	-	3,333	3,333	10,000	Allowance For Unforeseen Needs
Debt Service									
Developer Repayment- Ops Principal	-	35,000	35,000	25,000	25,000	25,000	-	41,000	Estimated Funds Available For Repayment
Developer Repayment- Ops Interest	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	54,210	101,860	101,860	98,044	77,464	72,940	(4,523)	127,924	
REVENUE OVER / (UNDER) EXPENDITURES	9,647	(2,305)	(2,305)	(3,339)	12,970	20,416	(7,446)	1,641	
OTHER SOURCES / (USES)									
Transfers In/(Out) GF	-	-	-	-	-	-	-	-	
Developer Reimbursements	-	-	-	-	-	-	-	-	
Developer Advances	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	9,647	(2,305)	(2,305)	(3,339)	12,970	20,416	(7,446)	1,641	
BEGINNING FUND BALANCE	8,187	17,813	17,813	17,835	17,835	17,813	22	14,496	
ENDING FUND BALANCE	17,835	15,508	15,508	14,496	30,805	38,229	(7,425)	16,137	

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No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Ritoro Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/17/2023

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 08/31/22 Actual	YTD Thru 08/31/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes/Assumptions
DEBT SERVICE FUND									
REVENUE									
Property Taxes	272,395	418,418	418,418	418,418	415,649	418,418	(2,769)	529,060	50 Mills Adjusted For Lower Assessment Rate 13% of Property Taxes Based on 3.5% Interest Earnings Rate
Specific Ownership Taxes	46,785	56,905	56,905	56,905	36,118	33,195	2,924	68,778	
Interest Income	632	750	750	16,500	6,628	500	6,128	34,000	
TOTAL REVENUE	319,812	476,073	476,073	491,823	458,395	452,113	6,283	631,838	
EXPENDITURES									
Treasurer's Fees	8,140	12,553	12,553	12,553	12,447	12,553	106	15,872	3% of Property Taxes
Bond Principal- Series 2019A	-	-	-	-	-	-	-	25,000	Per Amortization Schedule
Bond Interest- Series 2019A	409,750	409,750	409,750	409,750	204,875	204,875	-	409,750	Per Amortization Schedule
Bond Principal- Series 2019B	-	-	-	-	-	-	-	-	Not Until Surplus Fund Filled
Bond Interest- Series 2019B	-	-	-	-	-	-	-	-	Not Until Surplus Fund Filled
Bond Principal- Series 2022C	-	-	-	-	-	-	-	-	Not Until Surplus Fund Filled
Bond Interest- Series 2022C	-	-	-	-	-	-	-	-	Not Until Surplus Fund Filled
Paying Agent / Trustee Fees	7,000	7,000	7,000	7,000	7,000	7,000	-	7,000	Trustee Fees \$7k 2019 Series; \$0 2022C Series
Bank Charges	104	250	250	350	193	167	(27)	500	Based on 2022 Forecast
Contingency	-	10,000	10,000	-	-	6,667	6,667	10,000	Unforeseen Needs
TOTAL EXPENDITURES	424,995	439,553	439,553	429,653	224,515	231,261	6,746	468,122	
REVENUE OVER / (UNDER) EXPENDITURES	(105,183)	36,520	36,520	62,170	233,880	220,852	13,028	163,716	
OTHER SOURCES / (USES)									
Transfers In/(Out)	-	-	-	-	-	-	-	-	
Bond Proceeds	-	-	3,750,000	3,160,000	3,160,000	-	3,160,000	-	
Bond Issuance Costs	-	-	(124,000)	(158,100)	(158,100)	-	(158,100)	-	Estimated Issuance Costs
Developer Repayment - Principal	-	-	(2,957,408)	(2,975,408)	(2,975,408)	-	(2,975,408)	-	
Developer Repayment - Interest	-	-	(477,521)	(26,653)	(26,653)	-	(26,653)	-	Estimated Accrued Interest thru 08/31/2022
Contingency	-	-	(191,071)	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	(161)	(161)	-	(161)	-	
CHANGE IN FUND BALANCE	(105,183)	36,520	36,520	62,009	233,719	220,852	12,867	163,716	
BEGINNING FUND BALANCE	1,007,146	896,391	901,963	901,963	901,963	896,391	5,572	963,972	
ENDING FUND BALANCE	901,963	932,911	938,483	963,972	1,135,682	1,117,242	18,439	1,127,688	
COMPONENTS OF FUND BALANCE:	=	=	=	=	=	=	=	=	
Reserve Fund	644,055	644,000	644,000	644,000	646,043	-	-	644,000	\$644,000 Required by Bond Documents
Bond Payment / Cap I Fund	3,724	-	-	-	205,204	-	-	-	
Surplus Fund (\$819,500 Cap)	249,766	288,911	294,483	319,972	284,434	-	-	483,688	Fill to Cap of \$819,500
Internal & Other Balances	4,417	-	-	-	-	-	-	-	
TOTAL ENDING FUND BALANCE	901,963	932,911	938,483	963,972	1,135,682	1,117,242	18,439	1,127,688	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Elbert County, Colorado.

On behalf of the Ritiro Metropolitan District

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Ritiro Metropolitan District

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of:

\$ 9,238,640

(Gross^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 9,238,640


(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/12/2022
(not later than Dec 15) (mm/dd/yyyy)

for budget/fiscal year 2023.
(yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>11.453</u> mills	\$ <u>105,810.14</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	<u>(0.000)</u> mills	\$ <u>-</u>
SUBTOTAL FOR GENERAL OPERATING:	<u>11.453</u> mills	<u>\$ 105,810.14</u>
3. General Obligation Bonds and Interest ^J	<u>57.266</u> mills	\$ <u>529,059.96</u>
4. Contractual Obligations ^K	<u>0.000</u> mills	\$ <u>-</u>
5. Capital Expenditures ^L	<u>0.000</u> mills	\$ <u>-</u>
6. Refunds/Abatements ^M	<u>0.000</u> mills	\$ <u>-</u>
7. Other ^N (specify): _____	<u>0.000</u> mills	\$ <u>-</u>
	<u>0.000</u> mills	\$ <u>-</u>
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>68.719</u> mills	<u>\$ 634,870.10</u>

Contact person: Eric Weaver Daytime phone: (970) 926-6060 x6
 (print) _____
 Signed:  Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S. with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203. Questions? Call DLG (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's FINAL certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenue to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	Financing of Public Improvements
	Series:	Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds 2019A
	Date of Issue:	June 20, 2019
	Coupon rate:	5.000%
	Maturity Date:	December 1, 2049
	Levy:	57.266
	Revenue:	\$529,059.96
2.	Purpose of Issue:	Financing of Public Improvements
	Series:	Subordinate Limited Tax General Obligation Bonds 2019B ₍₃₎
	Date of Issue:	June 20, 2019
	Coupon rate:	8.500%
	Maturity Date:	December 15, 2049
	Levy:	0.000
	Revenue:	\$0.00

CONTRACTS^K:

3.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	
4.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**Ritiro Metropolitan District
Elbert County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2022

Ritoro Metropolitan District

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December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ritiro Metropolitan District
Elbert County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Ritiro Metropolitan District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position thereof, 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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 supplemental 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.

Fiscal Group Partners, LLC

Arvada, Colorado
June 27, 2023

Ritoro Metropolitan District
STATEMENT OF NET POSITION
December 31, 2022

**Governmental
Activities**

ASSETS

Cash and investments	\$	20,886
Cash and investments - Restricted		972,898
Receivable - County Treasurer		6,521
Prepaid expenses		3,044
Property taxes receivable		634,870
Capital assets, not being depreciated		11,426,584
Total assets		13,064,803

LIABILITIES

Accounts payable		2,882
Accrued interest payable		34,146
Noncurrent liabilities:		
Due within one year		25,000
Due in more than one year		14,865,696
Total liabilities		14,927,724

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue		634,870
Total deferred inflows of resources		634,870

NET POSITION

Restricted for:		
Emergency reserves		3,000
Debt service		941,186
Unrestricted		(3,441,977)
Total net position	\$	(2,497,791)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritiro Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

<u>Functions/Programs</u>	Program Revenue			<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government				
General government	\$ 78,065	\$ -	\$ -	\$ (78,065)
Interest on long-term debt and related costs	1,005,735	-	-	(1,005,735)
Total governmental activities	\$ 1,083,800	\$ -	\$ -	(1,083,800)
General revenues:				
				502,096
				79,041
				19,508
				600,645
				(483,155)
				(2,014,636)
				\$ (2,497,791)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 20,886	\$ -	\$ 20,886
Cash and investments - Restricted	3,000	969,898	972,898
Receivable - County Treasurer	1,087	5,434	6,521
Prepaid expenses	3,044	-	3,044
Property taxes receivable	105,810	529,060	634,870
Total assets	<u>\$ 133,827</u>	<u>\$ 1,504,392</u>	<u>\$ 1,638,219</u>
LIABILITIES			
Accounts payable	2,882	-	2,882
Total liabilities	<u>2,882</u>	<u>-</u>	<u>2,882</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	105,810	529,060	634,870
Total deferred inflows of resources	<u>105,810</u>	<u>529,060</u>	<u>634,870</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	3,044	-	3,044
Restricted for:			
Emergencies	3,000	-	3,000
Debt service	-	975,332	975,332
Unassigned	19,091	-	19,091
Total fund balances	<u>25,135</u>	<u>975,332</u>	<u>1,000,467</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 133,827</u>	<u>\$ 1,504,392</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,426,584
Long-term liabilities, including bonds payable, developer advances and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(13,545,000)
Developer advances	(59,841)
Accrued interest payable - bonds	(847,697)
Accrued interest payable - developer advances	(472,304)
Net position of governmental activities	<u>\$ (2,497,791)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritiro Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 83,678	\$ 418,418	\$ 502,096
Specific ownership taxes	13,173	65,868	79,041
Investment earnings	117	19,391	19,508
Total revenues	<u>96,968</u>	<u>503,677</u>	<u>600,645</u>
Expenditures			
Current			
Accounting	17,468	-	17,468
Audit	6,750	-	6,750
Elections	445	-	445
Insurance and dues	3,589	-	3,589
Legal	27,082	-	27,082
Management	5,785	-	5,785
Miscellaneous	1,042	863	1,905
Treasurer fees	2,507	12,534	15,041
Debt service			
Bond interest	-	409,750	409,750
Trustee fees	-	7,000	7,000
Total expenditures	<u>64,668</u>	<u>430,147</u>	<u>494,815</u>
Excess of revenues over (under) expenditures	32,300	73,530	105,830
Other financing sources (uses)			
Bond proceeds, Series 2022C	-	3,160,000	3,160,000
Bond issuance costs	-	(158,100)	(158,100)
Developer repayment - principal	(25,000)	(2,975,408)	(3,000,408)
Developer repayment - interest	-	(26,653)	(26,653)
Total other financing sources (uses)	<u>(25,000)</u>	<u>(161)</u>	<u>(25,161)</u>
Net change in fund balances	7,300	73,369	80,669
Fund balances - beginning	<u>17,835</u>	<u>901,963</u>	<u>919,798</u>
Fund balances - ending	<u>\$ 25,135</u>	<u>\$ 975,332</u>	<u>\$ 1,000,467</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritoro Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

Net change in fund balances - governmental funds: \$ 80,669

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bond, leases) 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.

Bond proceeds	(3,160,000)
Repayment developer advance	3,000,408

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 bond interest payable - Change in liability	(311,146)
Accrued interest payable developer advances - Change in liability	(93,086)

Change in net position of governmental activities \$ (483,155)

Ritoro Metropolitan District

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

For the Year Ended December 31, 2022

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 83,678	\$ 83,678	\$ -
Specific ownership taxes	10,878	13,173	2,295
Investment earnings	5,000	117	(4,883)
Total revenues	<u>99,556</u>	<u>96,968</u>	<u>(2,588)</u>
EXPENDITURES			
Accounting	21,000	17,468	3,532
Audit	7,000	6,750	250
Elections	5,000	445	4,555
Insurance and dues	3,100	3,589	(489)
Legal	12,500	27,082	(14,582)
Management	9,500	5,785	3,715
Miscellaneous	1,250	1,042	208
Treasurer fees	2,510	2,507	3
Contingency	5,000	-	5,000
Total expenditures	<u>66,860</u>	<u>64,668</u>	<u>2,192</u>
Excess of revenues over expenditures	32,696	32,300	(396)
OTHER FINANCING SOURCES (USES)			
Developer repayment	(35,000)	(25,000)	10,000
Total other financing sources (uses)	<u>(35,000)</u>	<u>(25,000)</u>	<u>10,000</u>
Net change in fund balances	(2,304)	7,300	9,604
Fund balances - beginning	<u>17,813</u>	<u>17,835</u>	<u>22</u>
Fund balances - ending	<u>\$ 15,509</u>	<u>\$ 25,135</u>	<u>\$ 9,626</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Ritiro Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 1 – Definition of Reporting Entity

Ritiro Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado, was created by order and decree of the Elbert County District Court on June 12, 2008 and recorded with the County Clerk on June 24, 2008, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the Town of Elizabeth (the Town) in Elbert County, Colorado. The District operates under an Amended and Restated Service Plan approved by the Town on September 27, 2016. The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, operation and maintenance of public infrastructure improvements within and without the boundaries of the District. The District shall be authorized to operate and maintain public improvements not conveyed to the Town or other governmental entities having proper jurisdiction. To the extent that the District retains ownership and/or maintenance responsibilities of any public improvements, the District shall be authorized to enter into one or more agreements with owners' associations pursuant to which an owners' association may operate and maintain such improvements.

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

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

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and 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. Governmental activities are normally supported by taxes.

Ritoro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or 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 the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source 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.

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 reported in another fund.

Ritoro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

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

Budgetary Information

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

The District amended its annual budget in the Debt Service Fund for the year ended December 31, 2022.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

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 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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the

Ritiro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

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. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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 one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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,

Ritoro Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2022

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:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as 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 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.

Note 3 – Cash and Investments

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

Statement of net position:	
Cash and investments	\$ 20,886
Cash and investments-Restricted	972,898
Total cash and investments	<u>\$ 993,784</u>

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

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

Deposits with financial institutions	\$	23,886
Investments		969,898
Total cash and investments	<u>\$</u>	<u>993,784</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 equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$23,886.

Investments

The District has adopted an investment policy by which it follows state statute regarding investments.

The District generally limits its concentration of investments to those which are believed to have 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.

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

Ritiro Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2022

- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Amount
Colorado Liquid Asset Trust (Colotrust)	<u>\$ 969,898</u>
Total investments	<u>\$ 969,898</u>

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios: Colotrust Prime, Colotrust Plus, and Colotrust Edge.

Colotrust Prime and Colotrust Plus operate similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. Both portfolios are rated AAAM by Standard and Poor's.

Colotrust Edge, is managed to approximate a \$10.00 transactional share price. Colotrust Edge may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper. Colotrust Edge is rated AA Af/S1 by Fitch Ratings.

A designated custodial bank serves as custodian for the Trust's investment portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value.

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

The District invested in the Colotrust Plus portfolio during 2022. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 4 – Capital assets

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

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Capital assets, not being depreciated				
Construction in progress	\$ 11,426,584	\$ -	\$ -	\$ 11,426,584
Total capital assets, not being depreciated	11,426,584	-	-	11,426,584
Capital assets, net	\$ 11,426,584	\$ -	\$ -	\$ 11,426,584

Note 5 – Long-Term Obligations

Changes in long-term debt for the year ended December 31, 2022 are summarized as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
General Obligation Limited Tax Bonds - Series 2019A	\$ 8,195,000	\$ -	\$ -	\$ 8,195,000	\$ 25,000
Subordinate General Obligation Limited Tax Bonds - Series 2019B	2,190,000	-	-	2,190,000	-
Accrued Interest Subordinate Bonds - Series 2019B	502,405	228,196	-	730,601	-
Second Subordinate General Obligation Limited Tax Bonds - Series 2022C	-	3,160,000	-	3,160,000	-
Accrued Interest Second Subordinate Bonds - Series 2022C	-	82,950	-	82,950	-
Other:					
Developer Advances - Operating	84,841	-	25,000	59,841	-
Accrued Interest - Operating	20,551	4,310	-	24,861	-
Developer Advances - Capital	2,975,408	-	2,975,408	-	-
Accrued Interest - Capital	358,667	115,429	26,653	447,443	-
	<u>\$ 14,326,872</u>	<u>\$ 3,590,885</u>	<u>\$ 3,027,061</u>	<u>\$ 14,890,696</u>	<u>\$ 25,000</u>

Ritoro Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2022

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (Series 2019A Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2019B₍₃₎ (Series 2019B₍₃₎ Bonds, and together with the 2019A Senior Bonds, the 2019 Bonds) dated June 20, 2019

Bond Details

On June 20, 2019, the District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds – Series 2019A (“2019A Bonds”) with a par amount of \$8,195,000. The 2019A Bonds were issued for the purposes of: (i) paying or reimbursing public improvements; (ii) paying capitalized interest on the 2019A Bonds; (iii) funding the Senior Reserve Fund; and (iv) paying other costs in connection with the issuance the 2019 Bonds.

Interest on the 2019A Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2019 at the rate of 5.00% per annum. To the extent principal of any 2019A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2019A Bonds. To the extent interest on any 2019A Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019A Bonds, including all payments of principal, premium if any, and interest, and all 2019A Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

On June 20, 2019, the District issued Subordinate Limited Tax General Obligation Bonds – Series 2019B₍₃₎ (“2019B Bonds”) with a par amount of \$2,190,000. The 2019B Bonds were issued for the purposes of paying or reimbursing public improvements.

The 2019B Bonds bear interest 8.50% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2019. The 2019B Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2019B Bonds is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2019B Bonds. To the extent interest on any 2019B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019B Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019B Bonds including all payments of principal, premium, if any, and interest and all 2019B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2058.

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

Optional Redemption

The 2019A Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00%
June 1, 2026, to May 31, 2027	1.00%
June 1, 2027, and thereafter	0.00%

The 2019B Bonds are subject to redemption prior to maturity, at the option of the District on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00%
June 1, 2026, to May 31, 2027	1.00%
June 1, 2027, and thereafter	0.00%

Security

The 2019A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Property Tax Revenue; (ii) all Senior Specific Ownership Tax Revenue; and (iii) any other legally available money which the District determines, in its absolute discretion to credit to the Senior Bond Fund.

The 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund in an amount equal to \$644,000, and amounts, if any, accumulated in the Senior Surplus Fund up to the Maximum Surplus Amount of \$819,500. As of December 31, 2022, the balance in the Senior Reserve Fund was \$649,226 and the balance in the Senior Surplus Fund was \$308,574.

The 2019B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) all Subordinate Property Tax Revenue; (ii) all Subordinate Specific Ownership Tax Revenue; (iii) the amounts, if any, in the Senior Surplus Fund after the payment or defeasance of the 2019A Bonds;

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they become due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount. If after January 1, 2016, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for debt to 50 mills (subject to adjustment). The maximum Debt Mill Levy is 50 mills for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 50 mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2016 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

Project Funds

Proceeds of \$6,277,135 from the sale of the 2019A Bonds were deposited to a Senior Project Fund. The Project Fund is held by the Trustee and funds are only released to the District after a "Requisition" is submitted for reimbursement of approved project costs within the District in accordance with the Senior Indenture. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid from the Senior Project Fund, any balance remaining in the Project Fund shall be credited to the Senior Bond Fund. The Project Fund shall terminate at such time as no further moneys remain therein.

Ritoro Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2022

Second Subordinate General Obligation Limited Tax Bonds, Series 2022C dated August 24, 2022

Bond Details

On August 24, 2022, the District issued Second Subordinate General Obligation Limited Tax Bonds – Series 2022C (“2022C Bonds”) with a par amount of \$3,160,000. The 2022C Bonds were issued for the purposes of reimbursing public improvements and paying other costs in connection with the issuance of the 2022C Bonds.

The 2022C Bonds bear interest at 7.50% per annum payable on December 15 each year to the extent of Second Subordinate Pledged Revenue available therefore, commencing December 15, 2022. The 2022C Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2022C Bonds is not paid when due, such principal shall remain outstanding until the earlier of payment or the Termination Date (December 16, 2072) and shall continue to bear interest at the rate then borne by the 2022C Bonds. To the extent interest on any 2022C Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2022C Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2022C Bonds including all payments of principal, premium, if any, and interest and all 2022C Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2022C Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2072.

Security

The 2022C Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) Second Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Second Subordinate Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Second Subordinate Bond Fund.

Required Mill Levy

Pursuant to the Second Subordinate Indenture, the District has covenanted to impose a Second Subordinate Required Mill Levy each year in the amount of 50 mills less the amounts required for the payment of the Senior Bond Mill Levy, the Subordinate Bond Mill Levy, and the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Second Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2008 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

Levy, the Subordinate Bond Mill Levy, and the number of mills necessary to pay any unlimited mill levy debt equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Second Subordinate Required Mill Levy for that year shall be zero.

Project Funds

Proceeds of \$3,002,061 from the sale of the 2022C Bonds were deposited to a Project Fund. The Project Fund is held by the Trustee and funds are only released to the District after a "Requisition" is submitted for reimbursement of approved project costs within the District in accordance with the Second Subordinate Indenture. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid from the Project Fund, any balance remaining in the Project Fund shall be credited to the Second Subordinate Bond Fund. The Project Fund shall terminate at such time as no further moneys remain therein.

The District's long-term obligations for the 2019A Bonds will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 25,000	\$ 409,750	\$ 434,750
2024	95,000	408,500	503,500
2025	100,000	403,750	503,750
2026	115,000	398,750	513,750
2027	125,000	393,000	518,000
2028-2032	810,000	1,859,000	2,669,000
2033-2037	1,180,000	1,622,000	2,802,000
2038-2042	1,670,000	1,279,750	2,949,750
2043-2047	2,295,000	803,500	3,098,500
2048-2049	1,780,000	150,250	1,930,250
	<u>\$ 8,195,000</u>	<u>\$ 7,728,250</u>	<u>\$ 15,923,250</u>

The annual debt service requirements on the 2019B and 2022C Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue and Second Subordinate Pledged Revenue.

Operation Funding Agreement

On December 20, 2016 (effective January 1, 2016), the District entered into the 2016-2017 Operation Funding Agreement (2016-2017 OFA) with MGL Ritoro, LLC (the Developer). The Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District in an amount of \$50,000 (Shortfall Amount). The 2016-2017 OFA expired on March 15, 2018. This agreement was

Ritoro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

Levy, the Subordinate Bond Mill Levy, and the number of mills necessary to pay any unlimited mill levy debt equals or exceeds 50 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Second Subordinate Required Mill Levy for that year shall be zero.

Project Funds

Proceeds of \$3,002,061 from the sale of the 2022C Bonds were deposited to a Project Fund. The Project Fund is held by the Trustee and funds are only released to the District after a "Requisition" is submitted for reimbursement of approved project costs within the District in accordance with the Second Subordinate Indenture. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid from the Project Fund, any balance remaining in the Project Fund shall be credited to the Second Subordinate Bond Fund. The Project Fund shall terminate at such time as no further moneys remain therein.

The District's long-term obligations will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 25,000	\$ 409,750	\$ 434,750
2024	95,000	408,500	503,500
2025	100,000	403,750	503,750
2026	115,000	398,750	513,750
2027	125,000	393,000	518,000
2028-2032	810,000	1,859,000	2,669,000
2033-2037	1,180,000	1,622,000	2,802,000
2038-2042	1,670,000	1,279,750	2,949,750
2043-2047	2,295,000	803,500	3,098,500
2048-2049	1,780,000	150,250	1,930,250
	<u>\$ 8,195,000</u>	<u>\$ 7,728,250</u>	<u>\$ 15,923,250</u>

The annual debt service requirements on the 2019B and 2022C Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue and Second Subordinate Pledged Revenue.

Operation Funding Agreement

On December 20, 2016 (effective January 1, 2016), the District entered into the 2016-2017 Operation Funding Agreement (2016-2017 OFA) with MGL Ritoro, LLC (the Developer). The Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District in an amount of \$50,000 (Shortfall Amount). The 2016-2017 OFA expired on March 15, 2018. This agreement was

Ritoro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

amended on December 11, 2017 (effective January 1, 2016) to amend the title of the 2016-2017 OFA to the Operation Funding Agreement (OFA), increase the shortfall amount to \$75,000, and to extend the term of the OFA to March 15, 2019. The OFA was further amended on June 10, 2019 by a Second Amendment to the Operation Funding Agreement with an effective date of January 1, 2016. Per the Second Amendment to the OFA, the Developer agrees to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2019 in an amount not to exceed \$100,000 (Shortfall Amount). Any obligation of the Developer to advance funds will expire on March 15, 2020. The District agrees to repay the advances from funds available after the payment of any annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget appropriation. Simple interest will accrue on each advance from the date of deposit at a rate of 6% per annum. Payments to reimburse the Developer shall be paid by December 2 of each year and shall be applied (a) first to the Original OFA principal amount due and then to the Original OFA accrued and unpaid interest; then (b) first to the First Amendment principal amount due; and then to the First Amendment accrued and unpaid interest; and then (c) first to the Second Amendment principal amount due; and then to the Second Amendment accrued and unpaid interest. Any obligation to reimburse the Developer shall expire on December 31, 2039. In the event the District has not reimbursed the Developer for any advances made pursuant to this agreement on or before December 31, 2039, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. As of December 31, 2022, the principal and accrued interest outstanding is \$59,841 and \$24,861, respectively.

Facilities Acquisition and Reimbursement Agreement

On May 24, 2017 the District entered into the Facilities Acquisition and Reimbursement Agreement with MGL Ritoro, LLC (the Developer) and Lennar Colorado, LLC (Lennar) with an effective date of May 24, 2017, as amended and restated on April 19, 2019 (FARA). Pursuant to a Contract of Sale dated March 24, 2017 between the Developer and Lennar, Lennar purchased certain property within the boundaries of the District to construct Public Improvements (Improvements). At the time of entering into the FARA, the District did not have sufficient funds available to construct and/or acquire the Improvements; therefore, the District determined that for reasons of economic efficiency and timeliness it was in the best interest of the District for Lennar to construct or cause construction of the Improvements. The District did not have the sufficient funds to pay for the expenses incurred in organizing the District; therefore, the Developer incurred these costs.

The parties agreed that a condition precedent to the District's acquisition of the Improvements and obligation to reimburse the Developer for Construction Costs (as defined in the FARA) incurred by Lennar will be the District's receipt of a written certification of an independent engineer retained by the District respecting the Improvements and their costs. Pursuant to the FARA, the District will acquire the

Ritoro Metropolitan District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2022

Improvements after preliminary acceptance from the appropriate jurisdiction and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer. The District agreed to reimburse Lennar for Certified Construction Costs up to a maximum amount of \$3,600,000 (Reimbursable Costs). The District agreed to reimburse the Developer for the portion of Construction Costs that are in excess of the Reimbursable Costs.

No payment is required of the District unless the District issues bonds or other evidence of debt in an amount sufficient to reimburse Lennar for all or a portion of the Construction Costs. The District may make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. To the extent amounts are still owed under this agreement after the District issues bonds, the District shall exercise reasonable efforts to issue a promissory note or other privately placed debt instrument for outstanding amounts which have not been previously reimbursed with bond proceeds. The obligations of the District contemplated in the FARA are subject to annual appropriation and are not a multiple-fiscal year obligation.

The District paid all amounts owed under the FARA with the proceeds from the 2019A Bonds. Accordingly, there are no amounts owing under the FARA as of December 31, 2022.

Funding and Reimbursement Agreement

On December 20, 2016, the District entered into a Funding and Reimbursement Agreement (FRA) with MGL Ritoro, LLC (Developer). The District did not currently have sufficient monies available to fund the cost of construction improvements. The District acknowledged the Developer has incurred costs related to the financing, design, and construction of public improvements (Capital Costs). The District agreed to reimburse the Developer for the verified Capital Costs from the date incurred and on monies advanced to the District at six percent (6%) simple interest per annum. In June 2021, the Developer issued a Letter of Agreement to the District, directing the District to accrue simple interest under the FRA at six percent (6%) per annum for Developer Advances and Verified Capital Costs from January 7, 2020, which is the date the District accepted the engineer's report certifying the Verified Capital Costs. Payments by the District to the Developer shall credit first against principal due and then to accrued and unpaid interest. Payments due pursuant to the FRA are subordinate to payments due pursuant to the FARA. At December 31, 2022 the principal and accrued interest outstanding under the agreement is \$0 and \$447,443, respectively.

Ritiro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

Debt Authorization

On May 6, 2008 and on November 8, 2016, the District’s electorate authorized the issuance of indebtedness in an amount not to exceed \$47,255,000 and \$260,000,000 respectively, for total electorate authorized indebtedness of \$307,255,000.

Pursuant to the District’s Amended and Restated Service Plan approved September 27, 2016, the District is limited to issuing \$20,000,000 in debt. After the issuance of the 2019 and 2022 Bonds, the District has \$6,455,000 remaining debt authorization under its Service Plan.

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

Note 6 – Net Position

The District’s net position consists of two components – restricted and unrestricted.

Restricted assets include 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, 2022:

	Governmental Activities
Restricted net position:	
Emergency reserve	\$ 3,000
Debt service	941,186
Total restricted net position	\$ 944,186

As of December 31, 2022, the District has unrestricted net position (deficit) of \$(3,441,977).

Note 7 – Related Parties

The Developer of the property which constitutes the District is MGL Ritiro, LLC a Colorado limited liability company. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

Ritiro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

Note 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”). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials’ liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Note 9 - Tax, Spending and Debt Limitation

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 and benefit increases.

On November 8, 2016, the District’s voters authorized the District to collect, spend or retain all revenues collected or received by the District in fiscal year 2017 and in each fiscal year thereafter, without regard to any limitations under TABOR.

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,

Ritoro Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2022

including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

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SUPPLEMENTAL INFORMATION

Ritoro Metropolitan District

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

For the Year Ended December 31, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 418,418	\$ 418,418	\$ 418,418	\$ -
Specific ownership taxes	56,905	56,905	65,868	8,963
Investment earnings	750	750	19,391	18,641
Total revenues	<u>476,073</u>	<u>476,073</u>	<u>503,677</u>	<u>27,604</u>
EXPENDITURES				
Miscellaneous	250	250	863	(613)
Treasurer fees	12,553	12,553	12,534	19
Trustee fees	7,000	7,000	7,000	-
Bond interest	409,750	409,750	409,750	-
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>439,553</u>	<u>439,553</u>	<u>430,147</u>	<u>9,406</u>
Excess of expenditures over (under) revenues	36,520	36,520	73,530	37,010
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	3,750,000	3,160,000	(590,000)
Bond issuance costs	-	(124,000)	(158,100)	(34,100)
Developer repayment - principal	-	(2,957,408)	(2,975,408)	(18,000)
Developer repayment - interest	-	(477,521)	(26,653)	450,868
Contingency	-	(191,071)	-	191,071
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(161)</u>	<u>(161)</u>
Net change in fund balances	36,520	36,520	73,369	36,849
Fund balances - beginning	<u>896,391</u>	<u>901,963</u>	<u>901,963</u>	<u>-</u>
Fund balances - ending	<u>\$ 932,911</u>	<u>\$ 938,483</u>	<u>\$ 975,332</u>	<u>\$ 36,849</u>

Ritoro Metropolitan District

DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2022

Bonds and Interest Maturing in the Year Ending December 31,	\$8,195,000 General Obligation Limited Tax Bonds, Series 2019A Dated June 20, 2019 Interest Rate 5.00% Interest Payable on June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2023	\$ 25,000	\$ 409,750	\$ 434,750
2024	95,000	408,500	503,500
2025	100,000	403,750	503,750
2026	115,000	398,750	513,750
2027	125,000	393,000	518,000
2028	140,000	386,750	526,750
2029	145,000	379,750	524,750
2030	165,000	372,500	537,500
2031	170,000	364,250	534,250
2032	190,000	355,750	545,750
2033	200,000	346,250	546,250
2034	220,000	336,250	556,250
2035	235,000	325,250	560,250
2036	255,000	313,500	568,500
2037	270,000	300,750	570,750
2038	295,000	287,250	582,250
2039	310,000	272,500	582,500
2040	335,000	257,000	592,000
2041	350,000	240,250	590,250
2042	380,000	222,750	602,750
2043	400,000	203,750	603,750
2044	435,000	183,750	618,750
2045	455,000	162,000	617,000
2046	490,000	139,250	629,250
2047	515,000	114,750	629,750
2048	555,000	89,000	644,000
2049	1,225,000	61,250	1,286,250
Total	<u>\$ 8,195,000</u>	<u>\$ 7,728,250</u>	<u>\$ 15,923,250</u>

Ritiro Metropolitan District

**SCHEDULE OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED**

December 31, 2022

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2019	\$ 632,830	66.333	0.000	\$ 41,978	\$ 41,399	98.62%
2020	\$ 2,258,400	11.132	55.664	\$ 150,853	\$ 151,455	100.40%
2021	\$ 4,900,180	11.132	55.664	\$ 327,313	\$ 326,870	99.86%
2022	\$ 7,516,850	11.132	55.664	\$ 502,096	\$ 502,096	100.00%
Estimated for calendar year ending December 31, 2023	\$ 9,238,640	11.453	57.266	\$ 634,870		

Note:

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