

## CONSERVATORY METROPOLITAN DISTRICT 2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c), C.R.S. and Section VIII of the Amended and Restated Model Service Plan for the Conservatory Metropolitan District (the “District”), dated October 22, 2009, the District is required to provide an annual report to the City of Aurora (the “City”) with regard to the following matters:

### §32-1-207(3) Statutory Requirements

1. **Boundary changes made.** There were no boundary changes in 2022.
2. **Intergovernmental Agreements entered into or terminated.** The District entered into a Waterline Easement with the City of Aurora on April 6, 2022.
3. **Access information to obtain a copy of rules and regulations adopted by the board.** Copies of any rules and regulations may be found on the District’s website at [www.yourcmd.org](http://www.yourcmd.org).
4. **A summary of litigation involving public improvements owned by the District.** To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2022.
5. **Status of the construction of public improvements by the District.** There were no public improvements constructed by the District in 2022.
6. **A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.** There were no District-constructed facilities or improvements dedicated to and/or accepted by the City in 2022.
7. **The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.** A copy of the assessed valuation from Arapahoe County is attached hereto as **Exhibit A**.
8. **A copy of the current year’s budget.** A copy of the 2023 Budget is attached hereto as **Exhibit B**.
9. **A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.** The 2022 Audit is attached hereto as **Exhibit C**.
10. **Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.** There were no uncured events of default by the District continuing beyond a ninety (90) day period, under any debt instruments during 2022.

- 11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.** There has been no inability of the District to pay its obligations as they come due in accordance with the terms of such obligations continuing beyond a ninety (90) day period during 2022.

**Service Plan Requirements**

1. **Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.** There were no boundary changes made or proposed in 2022.
2. **Intergovernmental Agreement with other governmental entities, either entered into or proposed as of December 31 of the prior year.** Waterline Easement between the District and the City of Aurora ("the City") dated April 6, 2022
3. **Copies of the District's rules and regulations, if any as of December 31 of the prior year.** The District did not adopt any rules and regulations during 2022.
4. **A summary of any litigation which involved the District Public Improvements as of December 31 of the prior year.** To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's public improvements as of December 31, 2022.
5. **Status of the District's construction of the Public Improvements as of December 31 of the prior year.** There were no public improvements constructed in 2022.
6. **A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.** There were no District-constructed facilities or improvements dedicated to and/or accepted by the City in 2022.
7. **The assessed valuation of the District for the current year.** A copy of the assessed valuation from Arapahoe County is attached hereto as **Exhibit A**.
8. **Current year budget including a description of the Public Improvements to be constructed in such year.** A copy of the 2023 Budget is attached hereto as **Exhibit B**. There are no public improvements planned to be constructed in 2023.
9. **Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption; if applicable.** A copy of the 2022 Audit is attached hereto as **Exhibit C**.
10. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.** There were no uncured events of default by the District continuing beyond a ninety (90) day period, under any debt instruments during 2022.

11. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.** There has been no inability of the District to pay its obligations as they come due in accordance with the terms of such obligations continuing beyond a ninety (90) day period during 2022.

**EXHIBIT A**

**Assessed Valuation**



PK Kaiser, MBA, MS

Assessor

OFFICE OF THE ASSESSOR  
5334 S. Prince Street  
Littleton, CO 80120-1136  
Phone: 303-795-4600  
TDD: Relay-711  
Fax:303-797-1295  
<http://www.arapahoe.gov/assessor>  
[assessor@arapahoe.gov](mailto:assessor@arapahoe.gov)

November 23, 2022

AUTH 4245 CONSERVATORY METRO DIST  
PUBLIC ALLIANCE  
C/O AJ BECKMAN  
13131 W ALAMEDA PKWY SUITE 200  
DENVER CO 80228

Code # 4245

### RECERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2022 of:

\$45,607,697

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS  
Arapahoe County Assessor

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# RECERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

Date: November 23, 2022

New Tax Entity  YES  NO

**NAME OF TAX ENTITY:** CONSERVATORY METRO DIST

**USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY**

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	46,771,357
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	45,607,697
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	45,607,697
5. NEW CONSTRUCTION: *	5.	\$	26,753
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$	0
7. ANNEXATIONS/INCLUSIONS:	7.	\$	0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$	0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ	9.	\$	0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$	0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$	362

- ‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution
- \* New construction is defined as: Taxable real property structures and the personal property connected with the structure.
- ≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.
- Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

**USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY**

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	639,828,952
<b>ADDITIONS TO TAXABLE REAL PROPERTY</b>			
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	384,900
3. ANNEXATIONS/INCLUSIONS:	3.	\$	0
4. INCREASED MINING PRODUCTION: §	4.	\$	0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$	0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$	0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$	0

**DELETIONS FROM TAXABLE REAL PROPERTY**

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$	0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$	0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$	107,363

- ¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.
- \* Construction is defined as newly constructed taxable real property structures.
- § Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:			
1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$	0

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:			
HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	98
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.			

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of \_\_\_\_\_, Colorado.

On behalf of the \_\_\_\_\_,  
the \_\_\_\_\_ (taxing entity)<sup>A</sup>,  
of the \_\_\_\_\_ (governing body)<sup>B</sup>,  
\_\_\_\_\_ (local government)<sup>C</sup>.

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ \_\_\_\_\_ assessed valuation of: \_\_\_\_\_ (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> 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: \$ \_\_\_\_\_ (NET<sup>G</sup> 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:** \_\_\_\_\_ for budget/fiscal year \_\_\_\_\_  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> <sup>2</sup>	<u>REVENUE</u> <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	_____ mills	\$ _____
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< _____ > mills	\$ < _____ >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<input type="text"/> mills	\$ <input type="text"/>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<input type="text"/> mills	\$ <input type="text"/>

Contact person: \_\_\_\_\_ Daytime phone: ( ) \_\_\_\_\_  
(print)

Signed: \_\_\_\_\_ Title: \_\_\_\_\_

*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, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> 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.  
<sup>2</sup> 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 (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, 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<sup>J</sup>:**

1. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

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.



Notes:

<sup>A</sup> **Taxing Entity**—A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity*'s boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government<sup>C</sup>.

<sup>B</sup> **Governing Body**—The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity*'s mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

<sup>C</sup> **Local Government** - For purposes of this line on Page 1 of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

<sup>D</sup> **GROSS Assessed Value** - There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a "tax increment financing" entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity*'s total mills upon the *taxing entity*'s *Gross Assessed Value* found on Line 2 of Form DLG 57.

<sup>E</sup> **Certification of Valuation by County Assessor, Form DLG 57** - The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25<sup>th</sup> each year and may amend it, one time, prior to December 10<sup>th</sup>. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

<sup>F</sup> **TIF Area**—A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use "tax increment financing" to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity*'s mill levy applied against the *taxing entity*'s gross assessed value after subtracting the *taxing entity*'s revenues derived from its mill levy applied against the net assessed value.

<sup>G</sup> **NET Assessed Value**—The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

**<sup>H</sup> General Operating Expenses (DLG 70 Page 1 Line 1)**—The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

**<sup>I</sup> Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)**—The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

**<sup>J</sup> General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)**—Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

**<sup>K</sup> Contractual Obligation (DLG 70 Page 1 Line 4)**—If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

**<sup>L</sup> Capital Expenditures (DLG 70 Page 1 Line 5)**—These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any taxing entity if approved at election. Only levies approved by these methods should be entered on Line 5.

**<sup>M</sup> Refunds/Abatements (DLG 70 Page 1 Line 6)**—The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, if the taxing entity is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

**<sup>N</sup> Other (DLG 70 Page 1 Line 7)**—Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.

## IMPORTANT POINTS TO REMEMBER

Please use the "Certification of Tax Levies for Non-School Governments" form enclosed. Include a contact name and a daytime telephone number.

All taxing authorities are required to certify their levies to the Commissioners no later than December 15. Signed mill levies will be accepted via email, mail or FAX.

**Submitting your "Certification of Tax Levies for Non-School Governments" form by email is the best way to ensure the information is delivered directly to the Budget Division.**

Email forms to [financebudgeting@arapahoegov.com](mailto:financebudgeting@arapahoegov.com)

Mail: Board of County Commissioners  
**c/o Budget Division**  
5334 S. Prince St.  
Littleton, CO 80120

FAX: 303-738-7929  
**Attn: Budget Division**

Mill levies should be calculated to three decimal places.

*If the levy has been determined to equal zero, please certify a zero mill levy to eliminate any confusion.*

For questions concerning "Certification of Tax Levies for Non-School Governments," please contact our Budget Division by telephone at 303-795-4690 or via e-mail at [financebudgeting@arapahoegov.com](mailto:financebudgeting@arapahoegov.com) or visit our website at:

<https://www.arapahoegov.com/1186/>

For questions concerning certified taxable values, please contact:

Julia McQueen  
Arapahoe County Assessor's Office  
5334 S. Prince St.  
Littleton, CO 80120  
Phone: 303-795-4670

**EXHIBIT B**

**2023 Budget**

**Conservatory Metropolitan District**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2023**

	Actual	Adopted	Actual	Estimated	Adopted
	<u>2021</u>	<u>2022</u>	<u>6/30/2022</u>	<u>2022</u>	<u>2023</u>
Beginning fund balance	\$ 391,666	\$ 483,480	\$ 582,787	\$ 582,787	\$ 568,051
Revenues:					
Property taxes	1,000,361	1,034,302	1,025,777	1,034,302	1,009,800
Specific ownership taxes	68,944	72,409	31,838	63,676	70,686
Reimbursements	280	-	-	-	-
Interest Income	537	300	149	300	500
Total revenues	<u>1,070,122</u>	<u>1,107,011</u>	<u>1,057,764</u>	<u>1,098,278</u>	<u>1,080,986</u>
Total funds available	<u>1,461,788</u>	<u>1,590,491</u>	<u>1,640,551</u>	<u>1,681,065</u>	<u>1,649,037</u>
Expenditures:					
Accounting	16,007	20,000	6,672	20,000	20,000
ARI Mill levy (net of fees)	47,675	54,969	47,130	54,969	54,900
Audit	6,474	7,800	6,096	6,096	8,000
Capital Asset Maintenance	18,766	20,000	-	20,000	20,000
Director fees	2,900	4,000	-	4,000	4,000
District Management - landscape	8,198	30,000	15,050	30,000	45,000
District Manager	37,146	70,000	25,729	70,000	75,000
Election expense	-	55,000	28,725	28,725	40,000
Insurance	15,381	19,000	17,709	17,709	19,000
Landscape - Irr Maint	25,520	35,000	16,110	35,000	35,000
Landscape- Irr Upgrades	-	50,000	-	13,000	50,000
Landscape - Tree replacement	46,762	60,000	42,362	50,000	25,000
Landscape Projects	78,586	143,500	46,857	100,000	139,500
Landscaping maintenance	110,460	120,000	58,137	120,000	130,000
Legal	24,325	55,000	17,758	35,000	50,000
Mail kiosk cleaning	1,200	1,500	600	1,500	-
Miscellaneous	2,015	5,000	598	3,000	5,000
Natural Surface Trail maintenance	-	5,000	-	5,000	10,000
O&M Repairs and maintenance	1,400	15,000	4,381	15,000	15,000
Pest control	9,300	1,000	-	1,000	1,000
Pet Waste	3,435	4,500	1,746	4,000	5,000
Pond maintenance	-	100,000	4,480	70,000	45,000
Public art maintenance	-	1,000	-	1,000	1,000
Reserve Study	-	7,500	1,650	7,500	-
Snow removal	12,313	25,000	12,872	25,000	30,000
Transfer to Capital Fund	240,000	150,000	-	150,000	240,000
Treasurer fees	15,013	15,515	15,389	15,515	15,147
Uninsured accident replacement	-	5,000	3,266	5,000	5,000
Water & Electric	155,300	180,000	41,402	200,000	180,000
Website Maint	825	2,000	-	5,000	5,000
Contingency	-	295,006	-	-	344,075
Emergency reserve (3%)	-	33,201	-	-	32,415
Total expenditures	<u>879,001</u>	<u>1,590,491</u>	<u>414,719</u>	<u>1,113,014</u>	<u>1,649,037</u>
Ending fund balance	<u>\$ 582,787</u>	<u>\$ -</u>	<u>\$ 1,225,832</u>	<u>\$ 568,051</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 46,771,357</u>			<u>\$ 45,607,697</u>
Mill Levy - Operations		<u>21.000</u>			<u>21.000</u>
Mill Levy - ARI		<u>1.114</u>			<u>1.141</u>

**Conservatory Metropolitan District**  
**Adopted Budget**  
**Debt Fund**  
**For the Year ended December 31, 2023**

	Actual	Adopted	Actual	Estimated	Adopted
	<u>2021</u>	<u>2022</u>	<u>6/30/2022</u>	<u>2022</u>	<u>2023</u>
Beginning fund balance	\$ 1,187,868	\$ 1,249,237	\$ 1,251,929	\$ 1,251,929	\$ 1,358,297
Revenues:					
Property taxes	1,130,913	1,169,284	1,159,647	1,169,284	1,140,192
Specific ownership taxes	77,942	81,849	35,993	71,986	79,813
Interest income	<u>1,641</u>	<u>1,000</u>	<u>6,460</u>	<u>12,000</u>	<u>12,000</u>
Total revenues	<u>1,210,496</u>	<u>1,252,133</u>	<u>1,202,100</u>	<u>1,253,270</u>	<u>1,232,005</u>
Total funds available	<u>2,398,364</u>	<u>2,501,370</u>	<u>2,454,029</u>	<u>2,505,199</u>	<u>2,590,302</u>
Expenditures:					
Interest expense Series 2017	710,963	694,363	347,181	694,363	677,163
Bond principal Series 2017	415,000	430,000	-	430,000	450,000
Treasurer's fees	16,972	17,539	17,397	17,539	17,103
Trustee / paying agent fees	<u>3,500</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total expenditures	<u>1,146,435</u>	<u>1,146,902</u>	<u>364,578</u>	<u>1,146,902</u>	<u>1,149,266</u>
Ending fund balance	<u>\$ 1,251,929</u>	<u>\$ 1,354,468</u>	<u>\$ 2,089,451</u>	<u>\$ 1,358,297</u>	<u>\$ 1,441,036</u>
Reserve Fund requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 46,771,357</u>			<u>\$ 45,607,697</u>
Mill Levy		<u>25.000</u>			<u>25.000</u>
Total Mill Levy		<u>47.114</u>			<u>47.141</u>

**Conservatory Metropolitan District**  
**Adopted Budget**  
**Capital Fund**  
**For the Year ended December 31, 2023**

	Actual 2021	Adopted Budget 2022	Actual 6/30/2022	Estimated 2022	Adopted Budget 2023
Beginning fund balance	\$ 453,724	\$ 564,024	\$ 592,452	\$ 592,452	\$ 480,452
Revenues:					
Miscellaneous Income	-	-	-	-	-
Interest income	208	500	1,368	3,000	3,000
Transfer from General Fund	<u>240,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>240,000</u>
Total revenues	<u>240,208</u>	<u>150,500</u>	<u>1,368</u>	<u>153,000</u>	<u>243,000</u>
Total funds available	<u>693,932</u>	<u>714,524</u>	<u>593,820</u>	<u>745,452</u>	<u>723,452</u>
Expenditures:					
Legal & management	11,440	5,000	2,873	10,000	10,000
Stone wall /Cap repairs	-	-	15,165	30,000	10,000
Detention Pond Rehab Engineering	20,068	10,000	8,262	15,000	15,000
Detention Pond Rehab	7,836	-	-	160,000	-
Monument Improvements	9,608	-	998	-	-
Landscape improvements	52,528	20,000	-	-	-
Landscape replacement w/rock	-	50,000	-	50,000	50,000
Capital Reserve	-	629,524	-	-	638,452
Capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>101,480</u>	<u>714,524</u>	<u>27,298</u>	<u>265,000</u>	<u>723,452</u>
Ending fund balance	<u>\$ 592,452</u>	<u>\$ -</u>	<u>\$ 566,522</u>	<u>\$ 480,452</u>	<u>\$ -</u>

**EXHIBIT C**

**2022 Audit**



CONSERVATORY METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditors' Report

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**SCHILLING & COMPANY, INC.**

*Certified Public Accountants*

P.O. Box 631579  
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086

FAX: 720.348.2920

## **Independent Auditor's Report**

Board of Directors  
Conservatory Metropolitan District  
Arapahoe County, Colorado

### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and each major fund of Conservatory Metropolitan District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplemental Information***

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

### ***Other Information***

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

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

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
March 28, 2023

**CONSERVATORY METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2022

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and investments	\$ 727,013	\$ -	\$ 687,279	\$ 1,414,292	\$ -	\$ 1,414,292
Cash and investments - restricted	32,994	1,394,932	-	1,427,926	-	1,427,926
Cash with county treasurer	4,822	5,452	-	10,274	-	10,274
Property taxes receivable	1,009,800	1,140,192	-	2,149,992	-	2,149,992
Prepaid expenses	15,098	-	-	15,098	-	15,098
Prepaid debt insurance	-	-	-	-	76,412	76,412
Capital assets not being depreciated	-	-	-	-	4,485,284	4,485,284
Capital assets, net of accumulated depreciation	-	-	-	-	640,011	640,011
Total Assets	<u>1,789,727</u>	<u>2,540,576</u>	<u>687,279</u>	<u>5,017,582</u>	<u>5,201,707</u>	<u>10,219,289</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	-	-	1,857,107	1,857,107
Total Deferred Outflows of Resources	-	-	-	-	<u>1,857,107</u>	<u>1,857,107</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,789,727</u>	<u>\$ 2,540,576</u>	<u>\$ 687,279</u>	<u>\$ 5,017,582</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 47,041	\$ -	\$ 2,995	\$ 50,036	-	50,036
Accounts payable - regional mill levy	49,013	-	-	49,013	-	49,013
Accrued interest on bonds	-	-	-	-	56,430	56,430
Long-term liabilities:						
Due within one year	-	-	-	-	477,103	477,103
Due in more than one year	-	-	-	-	18,471,551	18,471,551
Total Liabilities	<u>96,054</u>	<u>-</u>	<u>2,995</u>	<u>99,049</u>	<u>19,005,084</u>	<u>19,104,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	<u>1,009,800</u>	<u>1,140,192</u>	<u>-</u>	<u>2,149,992</u>	<u>-</u>	<u>2,149,992</u>
Total Deferred Inflows of Resources	<u>1,009,800</u>	<u>1,140,192</u>	<u>-</u>	<u>2,149,992</u>	<u>-</u>	<u>2,149,992</u>
<b>FUND BALANCE/NET POSITION</b>						
Nonspendable:						
Prepays	15,098	-	-	15,098	(15,098)	-
Restricted:						
Emergencies	32,994	-	-	32,994	(32,994)	-
Debt service	-	1,400,384	-	1,400,384	(1,400,384)	-
Assigned to:						
Subsequent years' expenditures	568,051	-	-	568,051	(568,051)	-
Capital projects	-	-	684,284	684,284	(684,284)	-
Unassigned	<u>67,730</u>	<u>-</u>	<u>-</u>	<u>67,730</u>	<u>(67,730)</u>	<u>-</u>
Total Fund Balances	<u>683,873</u>	<u>1,400,384</u>	<u>684,284</u>	<u>2,768,541</u>	<u>(2,768,541)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,789,727</u>	<u>\$ 2,540,576</u>	<u>\$ 687,279</u>	<u>\$ 5,017,582</u>		
<b>Net Position:</b>						
Net investment in capital assets					1,538,220	1,538,220
Restricted for:						
Emergencies					32,994	32,994
Debt service					1,343,954	1,343,954
Unrestricted					<u>(12,092,897)</u>	<u>(12,092,897)</u>
Total Net Position (Deficit)					<u>\$ (9,177,729)</u>	<u>\$ (9,177,729)</u>

The notes to the financial statements are an integral part of these statements.

**CONSERVATORY METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
<b>GENERAL GOVERNMENT</b>						
Accounting	\$ 15,619	\$ -	\$ -	\$ 15,619	\$ -	\$ 15,619
Audit	6,096	-	-	6,096	-	6,096
Legal	37,709	-	-	37,709	-	37,709
Website development	2,459	-	-	2,459	-	2,459
Director fee	3,600	-	-	3,600	-	3,600
Election expense	29,070	-	-	29,070	-	29,070
District management	54,116	-	-	54,116	-	54,116
Insurance	14,589	-	-	14,589	-	14,589
Landscape project management	28,016	-	-	28,016	-	28,016
Landscaping maintenance	116,273	-	-	116,273	-	116,273
Landscape projects	133,292	-	-	133,292	-	133,292
Irrigation maintenance	56,731	-	-	56,731	-	56,731
Pond maintenance	8,793	-	-	8,793	-	8,793
Uninsured accident replacement	3,266	-	-	3,266	-	3,266
Reserve study	3,300	-	-	3,300	-	3,300
O & M Repairs and maintenance	10,506	-	-	10,506	-	10,506
Tree replacement	42,362	-	-	42,362	-	42,362
Capital expenditures	-	-	68,228	68,228	(19,500)	48,728
Mail kiosk	1,000	-	-	1,000	-	1,000
Water	187,790	-	-	187,790	-	187,790
Snow removal	20,842	-	-	20,842	-	20,842
Pet waste	3,496	-	-	3,496	-	3,496
Pest control	6,400	-	-	6,400	-	6,400
Miscellaneous	1,495	-	-	1,495	-	1,495
Treasurer fees	15,518	17,543	-	33,061	-	33,061
ARI mill levy (net of collection fees)	49,013	-	-	49,013	-	49,013
Depreciation expense	-	-	-	-	72,859	72,859
<b>INTEREST AND FISCAL CHARGES</b>						
Paying agent fees	-	3,500	-	3,500	-	3,500
Bond principal	-	430,000	-	430,000	(430,000)	-
Bond interest expense	-	694,363	-	694,363	(1,434)	692,929
Amortization of loss on refunding	-	-	-	-	124,398	124,398
Amortization of bond premium	-	-	-	-	(27,792)	(27,792)
Amortization of bond insurance costs	-	-	-	-	3,065	3,065
<b>Total Expenditures</b>	<u>851,351</u>	<u>1,145,406</u>	<u>68,228</u>	<u>2,064,985</u>	<u>(278,404)</u>	<u>1,786,581</u>
<b>GENERAL REVENUES</b>						
Property taxes	1,034,104	1,169,060	-	2,203,164	-	2,203,164
Specific ownership taxes	65,298	73,819	-	139,117	-	139,117
Other income	2,640	-	-	2,640	-	2,640
Interest income	395	50,982	10,060	61,437	-	61,437
<b>Total General Revenues</b>	<u>1,102,437</u>	<u>1,293,861</u>	<u>10,060</u>	<u>2,406,358</u>	<u>-</u>	<u>2,406,358</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>251,086</u>	<u>148,455</u>	<u>(58,168)</u>	<u>341,373</u>	<u>(341,373)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from (to) other funds	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	101,086	148,455	91,832	341,373	(341,373)	
<b>CHANGE IN NET POSITION</b>					619,777	619,777
<b>FUND BALANCE/NET POSITION (DEFICIT):</b>						
BEGINNING OF YEAR	<u>582,787</u>	<u>1,251,929</u>	<u>592,452</u>	<u>2,427,168</u>	<u>(12,224,674)</u>	<u>(9,797,506)</u>
END OF YEAR	<u>\$ 683,873</u>	<u>\$ 1,400,384</u>	<u>\$ 684,284</u>	<u>\$ 2,768,541</u>	<u>(11,946,270)</u>	<u>(9,177,729)</u>

The notes to the financial statements are an integral part of these statements.

**CONSERVATORY METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,034,302	\$ 1,034,104	\$ (198)
Specific ownership taxes	72,409	65,298	(7,111)
Reimbursements	-	2,640	2,640
Interest income	300	395	95
Total Revenues	<u>1,107,011</u>	<u>1,102,437</u>	<u>(4,574)</u>
<b>EXPENDITURES</b>			
Accounting	20,000	15,619	4,381
Audit	7,800	6,096	1,704
Legal	55,000	37,709	17,291
Website development	2,000	2,459	(459)
Director fee	4,000	3,600	400
Election expense	55,000	29,070	25,930
District management	70,000	54,116	15,884
Insurance	19,000	14,589	4,411
Landscape project management	30,000	28,016	1,984
Landscaping maintenance	120,000	116,273	3,727
Landscape projects	143,500	133,292	10,208
Irrigation maintenance	35,000	56,731	(21,731)
Irrigation rotor replacement	50,000	-	50,000
Pond maintenance	100,000	8,793	91,207
Natural surface trail maintenance	5,000	-	5,000
Public art maintenance	1,000	-	1,000
Uninsured accident replacement	5,000	3,266	1,734
Reserve study	7,500	3,300	4,200
O & M Repairs and maintenance	15,000	10,506	4,494
Tree replacement	60,000	42,362	17,638
Mail kiosk	1,500	1,000	500
Water	180,000	187,790	(7,790)
Snow removal	25,000	20,842	4,158
Pet waste	4,500	3,496	1,004
Pest control	1,000	6,400	(5,400)
Miscellaneous	5,000	1,495	3,505
Treasurer fees	15,515	15,518	(3)
Capital asset maintenance	20,000	-	20,000
ARI mill levy (net of collection fees)	54,969	49,013	5,956
Contingency	295,006	-	295,006
Emergency reserve	33,201	-	33,201
Total Expenditures	<u>1,440,491</u>	<u>851,351</u>	<u>589,140</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(333,480)</u>	<u>251,086</u>	<u>584,566</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(483,480)</u>	<u>101,086</u>	<u>584,566</u>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>483,480</u>	<u>582,787</u>	<u>99,307</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 683,873</u>	<u>\$ 683,873</u>

The notes to the financial statements are an integral part of these statements.



# CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Conservatory Metropolitan District (the “District”), located in the City of Aurora (the “City”), Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 17, 2001, as a quasi-municipal corporation and political subdivision of the State of Colorado established to provide streets, water, sanitation, storm drainage, traffic and safety controls, parks, open space and recreation and other improvements that benefit the residents and property owners of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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, publication and public hearing requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

### Assets, Liabilities and Net Position

#### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

### Deposits and Investments

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

## CONSERVATORY METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Deferred property taxes, and deferred fees. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred fees are recognized as revenue when they become measurable and available (if collected within 60 days) in the fund statements. The revenue continues to be recognized when earned in the government-wide statements.

#### Original Issue Premium, Prepaid Debt Insurance and Loss on Refunding

Original issue premium from the Series 2017 Bonds is being amortized over the term of the bonds using the effective interest method. The Prepaid Debt Insurance and the Loss on Refunding from the Series 2017 Bonds are begin amortized over the term of the bonds using the straight line method. Accumulated amortization of original issue premium, prepaid debt insurance and loss on refunding amounted to \$150,323, \$16,213 and \$658,116, respectively, at December 31, 2022.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Capital Assets

Capital assets, which include landscape fixtures and improvements, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. As discussed later in Note 1, the District has an Intergovernmental Agreement with the City, under which the District constructed infrastructure, and upon completion transferred a portion of the assets to the City for ownership, operations and maintenance. The District has retained certain landscape fixtures and improvements which are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Landscape fixtures	5 - 15 years
Irrigation system	5 - 10 years
Entry monuments	15 years
Fencing	10 - 20 years

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

### Intergovernmental Agreement

The Service Plan requires the District to convey all public improvements with the exception of park and recreation improvements to the City unless otherwise specified in an agreement with the City for ownership and maintenance. The District will own certain park and recreation improvements as well as the street landscaping, detention ponds and entry features.

The District and the City entered into an Amended and Restated Intergovernmental Agreement dated November 16, 2009, which requires the District to impose a mill levy for Aurora regional improvements (the “ARI Mill Levy”). The ARI Mill Levy is defined in the Service Plan as (i) for the first 20 years (beginning on January 1, 2010), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct non-regional improvements. At December 31, 2022, the District had a payable to the ARI Authority for taxes collected in 2022 in the amount of \$49,013.

### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government’s fund balance more transparent:

### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$15,098 represents prepaid expenditures.

## CONSERVATORY METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$32,994 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,400,384 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2017 (see Note 4).

#### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

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

The assigned fund balance in the General Fund of \$568,051 represents the amount appropriated for use in the budget for the year ending December 31, 2022.

The assigned fund balance in the Capital Projects Fund in the amount of \$684,284 is assigned for the payment of the costs for capital improvements within the District.

#### Unassigned Fund Balance

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

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

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

Note 2: Cash and Investments

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

Balance Sheet/Statement of Net Position:	
Cash and investments	\$ 1,414,292
Cash and investments – Restricted	<u>1,427,926</u>
Total	\$ <u>2,842,218</u>

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

Deposits with financial institutions	\$ 10,011
Investments - COLOTRUST	<u>2,832,207</u>
	\$ <u>2,842,218</u>



## CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

### Deposits

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. 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.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

#### Credit Risk

The District investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

#### Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

#### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

## CONSERVATORY METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

#### Investments

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

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST” or the “Trust”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to the Trust in connection with the direct investment and withdrawal function of the Trust. The custodian’s internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. At December 31, 2022, the District had \$2,832,207 invested in COLOTRUST, including \$22,725 held by a trustee in accordance with the Indenture of Trust to the Series 2017 General Obligation Bonds.

#### Investment Valuation

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

The District’s investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$ 1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$ 1.00 per share.

Note 3: Capital Assets

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

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
<u>Governmental Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Landscape/Pond improvements	\$ 4,317,383	\$ 19,500	\$ -	\$ 4,336,883
Artwork/Statuary	148,401	-	-	148,401
Total capital assets not being depreciated:	<u>4,465,784</u>	<u>19,500</u>	<u>-</u>	<u>4,485,284</u>
<u>Capital assets being depreciated:</u>				
Landscape fixtures	122,878	-	-	122,878
Irrigation system	773,821	-	-	773,821
Entry monuments	225,000	-	-	225,000
Fencing	896,826	-	-	896,826
Total capital assets being depreciated:	<u>2,018,525</u>	<u>-</u>	<u>-</u>	<u>2,018,525</u>
<u>Less accumulated depreciation for:</u>				
Landscape fixtures	(24,515)	(7,519)	-	(32,034)
Irrigation system	(664,539)	(17,723)	-	(682,262)
Entry monuments	(225,000)	-	-	(225,000)
Fencing	(391,601)	(47,617)	-	(439,218)
Total Accumulated Depreciation	<u>(1,305,655)</u>	<u>(72,859)</u>	<u>-</u>	<u>(1,378,514)</u>
Net capital assets being depreciated:	<u>712,870</u>	<u>(72,859)</u>	<u>-</u>	<u>640,011</u>
Government type assets, net	<u>\$ 5,178,654</u>	<u>\$ (53,359)</u>	<u>\$ -</u>	<u>\$ 5,125,295</u>

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

#### 2017 General Obligation Limited Tax Refunding Bonds

On September 19, 2017, the District issued \$20,965,000 of General Obligation Limited Tax Refunding Bonds Series 2017 (“Series 2017 Bonds”) for the purpose of providing funds for refunding the Series 2007 Bonds, purchasing a municipal bond insurance policy; and paying the costs of issuance of the Bonds. The bonds bear interest ranging from 2.00% to 5.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2017. Principal is payable on December 1, commencing in 2017.

The Bonds are subject to an early redemption at the option of the District, in whole or in integral multiples of \$1,000, commencing December 1, 2027, and any date thereafter, upon payment of par plus accrued interest, without redemption premium. The Series 2017 Bonds are secured by Pledged Revenues including (i) the Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The principal and interest payments are also secured by Build America Mutual Assurance, Company. (“BAM”). BAM was rated AA/Stable by Standard and Poor’s Rating Service.

Events of Default as defined in the Series 2017 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2017 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2017 Bonds is not an available remedy for an Event of Default.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 450,000	\$ 677,163	\$ 1,127,163
2024	465,000	659,163	1,124,163
2025	490,000	635,913	1,125,913
2026	515,000	611,413	1,126,413
2027	540,000	585,663	1,125,663
2028-2032	3,100,000	2,533,213	5,633,213
2033-2037	3,640,000	1,989,375	5,629,375
2038-2042	4,280,000	1,347,425	5,627,425
2043-2047	5,085,000	546,175	5,631,175
	<u>\$ 18,565,000</u>	<u>\$ 9,585,500</u>	<u>\$ 28,150,500</u>

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	<u>Balance</u>		<u>Balance</u>	<u>Current</u>
	<u>1/1/2022</u>	<u>Additions</u>	<u>12/31/2022</u>	<u>Portion</u>
<b><u>General Obligation Bonds:</u></b>				
2017 GO Bonds	\$ 18,995,000	\$ -	430,000	\$ 18,565,000 \$ 450,000
Premium on Bonds	411,446	-	27,792	383,654 27,103
	<u>\$ 19,406,446</u>	<u>\$ -</u>	<u>\$ 457,792</u>	<u>\$ 18,948,654 \$ 477,103</u>

Debt Authorization

As of December 31, 2022, the District had no remaining voted debt authorization.

Note 5: Net Position Deficit

The District's unrestricted net position at December 31, 2022, totaled (\$12,092,897). The deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 6: Agreements

#### First Amendment to Amended and Restated Intergovernmental Agreement between the City of Aurora, Colorado, and Conservatory Metropolitan District

On November 16, 2009, the City and the District entered into an Amended and Restated Intergovernmental Agreement between the City and the District which set forth certain limitations and requirements of the District as per the Service Plan and prohibits the District from operating and maintaining any Public Improvements (with the exception of park and recreation improvements and tract landscape improvements) without the written consent of the City. In order to ensure proper long-term operation and maintenance of the water quality/detention ponds in the District, the City and the District entered into the First Amendment to Amended and Restated Intergovernmental Agreement between the City of Aurora, Colorado, and Conservatory Metropolitan District on August 22, 2016. Pursuant to this amendment, certain pond rehabilitation will be performed by the City and the District, after which the District will be responsible for all ongoing operation and maintenance responsibilities and related costs for the specified ponds within the District with the exception of Pond #3 which is maintained by the City and Pond #7 which is not part of this amendment and was transferred to the District for ownership and maintenance in 2020.

### Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

## CONSERVATORY METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

On November 6, 2001, the voters of the District authorized the District to collect, retain, and spend the amount of \$2,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

On November 4, 2008, a majority of the District's electors approved the District to increase taxes \$400,000 annually (for collection in calendar year 2008) and by the additional amounts that are raised annually thereafter by the imposition of an ad valorem property tax levy of 50 mills as adjusted from time to time due to legislative and constitutional adjustments, for the purpose of paying the District's administration, operations, maintenance and other similar expenses, and shall revenue from such taxes and any interest income be collected and spent by the District in fiscal year 2008 and in each year thereafter as a voter approved revenue change without limitation by the revenue and spending limitations of Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by section 29-1-301, CRS in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District.

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

#### Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (Pool) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

# CONSERVATORY METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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: Interfund and Operating Transfers

The transfer of \$150,000 from the General Fund to the Capital Projects Fund was transferred for the purpose of funding capital expenditures.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Bond insurance costs are reported as prepaid insurance, loss from bond refunding and bond premium which are reported as prepaid insurance, deferred outflow of resources and an addition of debt respectively;
- 2) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 3) long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.



CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances (Deficit)/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report bond insurance costs, and loss from bond refunding as expenditures, however, in the statement of activities, these costs, are amortized over the term of the related debt;
- 3) governmental funds report bond premiums as revenues in the year received, however, in the statement of activities, these revenues are amortized over the term of the related debt; and
- 4) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION

**CONSERVATORY METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,169,284	\$ 1,169,060	\$ (224)
Specific ownership taxes	81,849	73,819	(8,030)
Interest income	1,000	50,982	49,982
Total Revenues	1,252,133	1,293,861	41,728
<b>EXPENDITURES</b>			
Bond interest	694,363	694,363	-
Bond principal	430,000	430,000	-
Paying agent fees	5,000	3,500	1,500
Treasurers' fees	17,539	17,543	(4)
Total Expenditures	1,146,902	1,145,406	1,496
<b>NET CHANGE IN FUND BALANCE</b>	<b>105,231</b>	<b>148,455</b>	<b>43,224</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	1,249,237	1,251,929	2,692
END OF YEAR	\$ 1,354,468	\$ 1,400,384	\$ 45,916

The notes to the financial statements are an integral part of these statements.

**CONSERVATORY METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ 500	\$ 10,060	\$ 9,560
Total Revenues	<u>500</u>	<u>10,060</u>	<u>9,560</u>
<b>EXPENDITURES</b>			
Capital reserve	629,524	-	629,524
Capital expenditures	<u>85,000</u>	<u>68,228</u>	<u>16,772</u>
Total Expenditures	<u>714,524</u>	<u>68,228</u>	<u>646,296</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(714,024)</u>	<u>(58,168)</u>	<u>655,856</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(564,024)	91,832	655,856
FUND BALANCE - BEGINNING OF YEAR	<u>564,024</u>	<u>592,452</u>	<u>28,428</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 684,284</u>	<u>\$ 684,284</u>

The notes to the financial statements are an integral part of these statements.

## OTHER INFORMATION

# CONSERVATORY METROPOLITAN DISTRICT

## SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
		2010	\$ 26,735,170	21.500	40.000	
2011	\$ 27,337,740	19.740	52.060	\$ 1,962,850	\$ 1,962,333	99.97%
2012	\$ 25,088,840	19.740	52.060	\$ 1,801,379	\$ 1,799,794	99.91%
2013	\$ 25,455,100	19.740	52.060	\$ 1,827,676	\$ 1,798,424	98.40%
2014	\$ 25,571,190	19.740	52.060	\$ 1,836,011	\$ 1,836,227	100.01%
2015	\$ 25,687,486	19.740	52.060	\$ 1,844,361	\$ 1,844,412	100.00%
2016	\$ 32,299,944	19.740	52.060	\$ 2,319,136	\$ 2,318,704	99.98%
2017	\$ 34,199,119	19.740	52.060	\$ 2,455,497	\$ 2,455,201	99.99%
2018	\$ 40,199,857	22.106	30.000	\$ 2,094,654	\$ 2,094,575	100.00%
2019	\$ 40,314,011	22.106	30.000	\$ 2,100,603	\$ 2,100,565	100.00%
2020	\$ 44,631,011	22.114	30.000	\$ 2,325,901	\$ 2,325,703	99.99%
2021	\$ 45,236,448	22.114	25.000	\$ 2,131,270	\$ 2,131,274	100.00%
2022	\$ 46,771,357	22.114	25.000	\$ 2,203,586	\$ 2,203,164	99.98%
Estimated for year ending December 31, 2023	\$ 45,607,697	22.141	25.000	\$ 2,149,992		

**NOTE**

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

# CONSERVATORY METROPOLITAN DISTRICT

## TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT

December 31, 2022

UNAUDITED

<u>Taxpayer Name</u>	<u>2022 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Public Service Company of Colorado	\$ 1,133,110	2.48%
Private Homeowner #1	45,724	0.10%
Private Homeowner #2	45,175	0.10%
Private Homeowner #3	44,981	0.10%
Private Homeowner #4	44,487	0.10%
Private Homeowner #5	43,625	0.10%
Private Homeowner #6	42,499	0.09%
Private Homeowner #7	42,145	0.09%
Private Homeowner #8	42,138	0.09%
Private Homeowner #9	41,791	0.09%
Total	<u>\$ 1,525,675</u>	<u>3.34%</u>

### NOTE

Assessed Valuations were obtained from the County Assessor's website.



# CONSERVATORY METROPOLITAN DISTRICT

## ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

December 31, 2022

UNAUDITED

<u>Class</u>	<u>2022 Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>2022 Actual Valuation</u>	<u>Percent of Actual Valuation</u>
Residential	\$ 44,465,476	97.49%	\$ 639,790,400	99.39%
State Assessed	1,138,010	2.50%	3,924,173	0.61%
Commercial	4,211	0.01%	14,507	0.00%
Total	<u>\$ 45,607,697</u>	<u>100.00%</u>	<u>\$ 643,729,080</u>	<u>100.00%</u>

### NOTE

Percentage is based on a 2022 certified assessed valuation of \$45,607,697.