

ANNUAL REPORT FOR THE
2023 CALENDAR/FISCAL YEAR
LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

City Clerk
City and County of Broomfield, Colorado
Via Email cityclerk@broomfield.org

Broomfield County Clerk and Recorder
via Email electionsdivision@broomfield.org

Office of the State Auditor
1525 Sherman Street, 7th Floor
Broomfield, Colorado 80203
via E-Filing Portal

Division of Local Government
1313 Sherman Street, Room 521
Broomfield, Colorado 80203
via E-Filing Portal


Pursuant to Section 32-1-207(3)(c)(I), C.R.S., the Lambertson Farms Metropolitan District No. 2 (the “**District**”) the District is required to submit an annual report for the preceding calendar year (the “**Report**”) no later than October 1st of each year to the City and County of Broomfield, Colorado (the “**City**”), the Colorado Division of Local Government, the Colorado State Auditor, the Broomfield County Clerk and Recorder; the Report must also be posted on the District’s website, if available.

1. **Boundary changes made to the District’s boundary as of December 31st:**
There were no boundary changes made during fiscal year 2023.
2. **Intergovernmental agreements entered into or terminated as of December 31st:** The District did not enter into or terminate any Intergovernmental agreements during fiscal year 2023.
3. **Copies of the District’s Rules and Regulations, if any, as of December 31st:**
The District had not adopted rules and regulations as of December 31, 2023.
4. **A summary of any litigation involving public improvements by the District:**
The District is not aware of any litigation involving public improvements.
5. **Status of the construction of public improvements by the District:** The District has not constructed any public improvements during fiscal year 2023.
6. **List of facilities or improvements constructed by the District that were conveyed to the City:** There were no facilities or improvements constructed by the District that were conveyed to the City during fiscal year 2023.
7. **Final Assessed Value of Taxable Property within the District’s boundaries as of December 31, 2023:** The 2023 total assessed value of taxable property within the boundaries of the District is \$24,334,410.
8. **Current annual budget of the District:** Attached as **Exhibit A** is a copy of the District’s Budget for the current fiscal year 2024.

9. **Most recently filed audited financial statements of the District. To the extent audited financial statements are required by state law or most recently filed audit exemption:** Attached as **Exhibit B** is a copy of the District's Audit for fiscal year 2023.
10. **Notice of any uncured defaults existing for more than 90 days under any debt instrument of the District:** No notice of any uncured default was issued during fiscal year 2023.
11. **The District's inability to pay any financial obligations as they come due under any obligation which continues beyond a ninety-day period:** To the best of our actual knowledge, the District has been able to pay its obligations as they come due during fiscal year 2023.

Respectfully submitted this 30th day of September, 2024.

COCKREL ELA GLESNE GREHER &
RUHLAND, P.C.

By: 

Paul R. Cockrel
Attorney for Lambertson Farms Metropolitan
District No. 2

EXHIBIT A

2024 BUDGET

Lambertson Farms Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Specific ownership taxes	37,108	41,439	18,766	41,439	58,196
Interest income	<u>2</u>	<u>-</u>	<u>67</u>	<u>100</u>	<u>-</u>
Total revenues	<u>37,110</u>	<u>41,439</u>	<u>18,833</u>	<u>41,539</u>	<u>58,196</u>
Total funds available	<u>37,110</u>	<u>41,439</u>	<u>18,833</u>	<u>41,539</u>	<u>58,196</u>
Expenditures:					
Transfer to District No. 1	<u>37,110</u>	<u>41,439</u>	<u>18,766</u>	<u>41,539</u>	<u>58,196</u>
Total expenditures	<u>37,110</u>	<u>41,439</u>	<u>18,766</u>	<u>41,539</u>	<u>58,196</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 18,847,390</u>			<u>\$ 24,334,410</u>
Mill Levy		<u>-</u>			<u>-</u>

Lambertson Farms Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 75	\$ 50	\$ 75	\$ -	\$ -
Revenues:					
Property taxes	748,340	753,443	748,343	753,443	1,058,109
Interest income	<u>441</u>	<u>200</u>	<u>134</u>	<u>250</u>	<u>200</u>
Total revenues	<u>748,781</u>	<u>753,643</u>	<u>748,477</u>	<u>753,693</u>	<u>1,058,309</u>
Total funds available	<u>748,856</u>	<u>753,693</u>	<u>748,552</u>	<u>753,693</u>	<u>1,058,309</u>
Expenditures:					
Transfer to District 1	737,624	742,391	737,249	742,468	1,042,437
Treasurer's fees	<u>11,232</u>	<u>11,302</u>	<u>11,228</u>	<u>11,225</u>	<u>15,872</u>
Total expenditures	<u>748,856</u>	<u>753,693</u>	<u>748,477</u>	<u>753,693</u>	<u>1,058,309</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 18,847,390</u>			<u>\$ 24,334,410</u>
Mill Levy		<u>39.976</u>			<u>43.482</u>
Total Mill Levy		<u>39.976</u>			<u>43.482</u>

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2
2024 BUDGET MESSAGE

The Lambertson Farms Metropolitan District No. 2 has adopted two (2) separate funds. A General Fund to provide for a transfer to Lambertson Farms Metropolitan District No. 1 for payment of general operating expenditures; and a Debt Service Fund to provide for a transfer to Lambertson Farms Metropolitan District No. 1 for payment of interest and principal on outstanding general obligation bonds.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearings. The primary source of revenues for the District in 2024 will be property taxes. The District intends to impose a 43.482 mill levy on property within the District for 2024, which is dedicated to the Debt Service Fund.

RESOLUTION OF
LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2
TO ADOPT BUDGET

WHEREAS, the Board of Directors of Lambertson Farms Metropolitan District No. 2 has appointed a budget committee to prepare and submit a proposed 2024 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on November 10, 2023, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer 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; and

WHEREAS, 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.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Lambertson Farms Metropolitan District No. 2:

1. That estimated expenditures for each fund are as follows:

General Fund:	\$ 58,196
Debt Service Fund:	<u>\$1,058,309</u>
Total	<u>\$1,116,505</u>

2. That estimated revenues are as follows:

General Fund:

From unappropriated surpluses	\$ 0
From sources other than general property tax	\$ 58,196
From general property tax	<u>\$ 0</u>
Total	\$ 58,196

Debt Service Fund:

From unappropriated surpluses	\$	0
From sources other than general property tax	\$	200
From general property tax	<u>\$1,058,109</u>	
Total		<u>\$1,058,309</u>

3. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Lambertson Farms Metropolitan District No. 2 for the 2024 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of money necessary to balance the budget for debt service expenses is \$1,058,109; and

WHEREAS, the 2023 valuation for assessment for District, as certified by the Broomfield County Assessor, is \$24,334,410.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lambertson Farms Metropolitan District No. 2:

1. That for the purposes of meeting all debt service expenses of the District during the 2024 budget year, there is hereby levied a tax of 43.482 mills upon each dollar of the total valuation for assessment of all taxable property within District, to raise \$1,058,109.

2. That the Treasurer and/or President of the District is hereby authorized and directed to immediately certify to the City Council of the City and County of Broomfield, the mill levy for the District as hereinabove determined and set, or as adjusted, if necessary, upon receipt of the final (December) certification of valuation from the county assessor in order to comply with any applicable revenue and other budgetary limits.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, 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, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Lambertson Farms Metropolitan District No. 2 that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

General Fund:	\$ 58,196
Debt Service Fund:	<u>\$1,058,309</u>
Total	<u>\$1,116,505</u>

Adopted this 10th day of November, 2023.

LAMBERTSON FARMS METROPOLITAN
DISTRICT NO. 2

By *David J. Lambertson*
President

ATTEST:

By *Josha Lambertson*
Secretary

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Broomfield, Colorado.

On behalf of the Lambertson Farms Metropolitan District No. 2,
(taxing entity)^A

the Board of Directors,
(governing body)^B

of the Lambertson Farms Metropolitan District No. 2,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 24,334,410 assessed valuation of: (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: \$ 24,334,410 (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: _____ for budget/fiscal year 2024.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	43.482 mills	\$ 1,058,109
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	43.482 mills	\$ 1,058,109

Contact person: _____ Daytime phone: (303) 689-0833
(print) Diane Wheeler

Signed: Diane K. Wheeler 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, CO 80203. Questions? Call DLG at (303) 866-2156.

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 (32-1-1603 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^J:

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

CONTRACTS^K:

2.	Purpose of Contract:	Support the obligations incurred in connection with the completion of public improvements by District No. 1.
	Title:	Inter-District Construction and Service Agreement
	Date:	December 12, 2006
	Principal Amount:	N/A
	Maturity Date:	N/A
	Levy:	43.482
	Revenue:	\$1,058,109
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.

EXHIBIT B

AUDIT OF 2023 FINANCIAL STATEMENTS

**LAMBERTSON FARMS
METROPOLITAN DISTRICT NO. 2**

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lambertson Farms Metropolitan District No. 2
City and County of Broomfield, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lambertson Farms Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the 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 financial statements or 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

August 21, 2024
Wheat Ridge, Colorado

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash	\$ 3,961	\$ -	\$ 3,961	\$ -	\$ 3,961
Cash - restricted	-	4,245	4,245	-	4,245
Receivable - County Treasurer	2,971	-	2,971	-	2,971
Property taxes receivable	<u>-</u>	<u>1,058,109</u>	<u>1,058,109</u>	<u>-</u>	<u>1,058,109</u>
Total Assets	<u>\$ 6,932</u>	<u>\$ 1,062,354</u>	<u>\$ 1,069,286</u>	<u>-</u>	<u>1,069,286</u>
LIABILITIES					
Payable to District No. 1	<u>\$ 6,709</u>	<u>\$ 4,245</u>	<u>\$ 10,954</u>	<u>\$ -</u>	<u>\$ 10,954</u>
Total Liabilities	<u>6,709</u>	<u>4,245</u>	<u>10,954</u>	<u>-</u>	<u>10,954</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>-</u>	<u>1,058,109</u>	<u>1,058,109</u>	<u>-</u>	<u>1,058,109</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,058,109</u>	<u>1,058,109</u>	<u>-</u>	<u>1,058,109</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Unassigned	<u>223</u>	<u>-</u>	<u>223</u>	<u>(223)</u>	<u>-</u>
Total Fund Balances	<u>223</u>	<u>-</u>	<u>223</u>	<u>(223)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of and Fund Balances	<u>\$ 6,932</u>	<u>\$ 1,062,354</u>	<u>\$ 1,069,286</u>		
Net Position:					
Unrestricted			<u>223</u>		<u>223</u>
Total Net Position			<u>\$ 223</u>		<u>\$ 223</u>

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

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Treasurer's Fees	\$ -	\$ 11,305	\$ 11,305	\$ -	\$ 11,305
Transfers to District No. 1	<u>38,728</u>	<u>742,363</u>	<u>781,091</u>	<u>-</u>	<u>781,091</u>
Total Expenditures	<u>38,728</u>	<u>753,668</u>	<u>792,396</u>	<u>-</u>	<u>792,396</u>
GENERAL REVENUES					
Property taxes	-	753,475	753,475	-	753,475
Specific Ownership Taxes	38,728	-	38,728	-	38,728
Interest income	<u>223</u>	<u>193</u>	<u>416</u>	<u>-</u>	<u>416</u>
Total General Revenues	<u>38,951</u>	<u>753,668</u>	<u>792,619</u>	<u>-</u>	<u>792,619</u>
NET CHANGES IN FUND BALANCES	223	-	223	(223)	
CHANGE IN NET POSITION				223	223
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ 223</u>

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

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Specific Ownership Taxes	\$ 41,439	\$ 38,728	\$ (2,711)
Interest income	<u>-</u>	<u>223</u>	<u>223</u>
Total Revenues	<u>41,439</u>	<u>38,951</u>	<u>(2,488)</u>
EXPENDITURES			
Transfers to District No. 1	<u>41,439</u>	<u>38,728</u>	<u>2,711</u>
Total Expenditures	<u>41,439</u>	<u>38,728</u>	<u>2,711</u>
NET CHANGE IN FUND BALANCE	-	223	223
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 223</u>

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

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Lambertson Farms Metropolitan District No. 2, (“the District”), located in the City and County of Broomfield, 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 12, 2002 in conjunction with Lambertson Farms Metropolitan District No. 1 (“District No. 1”) and Lambertson Farms Metropolitan District No. 3, (the “Commercial District”), as a quasi-municipal organization established under the State of Colorado Special District Act. The District, which serves as the Residential District and the Commercial District are collectively known as the “Taxing Districts”. The District was established to provide financing, acquisition, and construction of certain essential public facilities for the use and benefit of the inhabitants and taxpayers of real property within the boundaries of the District, District No. 1 and the Commercial District. 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 pronouncements 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.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

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 in which they are collected.

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 property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as needed.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities, Deferred Outflows/Inflows of Resources 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, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and 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.

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.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 30 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.

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.

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:

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

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.

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.

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.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

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.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report 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. The District had no amounts which qualified for reporting in this category.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
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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 is available, the District will use the most restrictive net position first.

Note 2: Cash

As of December 31, 2023, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 3,961
Cash and investments - restricted	<u>4,245</u>
Total	<u>\$ 8,206</u>

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

Deposits with financial institutions	<u>\$ 8,206</u>
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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 follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Investments:

Credit Risk

The District has not adopted a formal investment policy therefore the District follows state statutes regarding 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.

As of December 31, 2023, the District did not have any investments.

Note 3: Debt Authorization

As of December 31, 2023, the District had remaining voted debt authorization of approximately \$55,800,000. In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, the District has not budgeted to issue any new debt in 2024. Per the District's Amended Service Plan, the District cannot issue debt in excess of \$35,000,000.

Note 4: Agreements

Inter-District Construction and Service Agreement

On December 12, 2006, the District entered into a Construction and Service Agreement with District No. 1 and the Commercial District, under which District No. 1 coordinates the financing, acquisition, construction, installation, completion, operation, maintenance and repair of public improvements and the management, administration and provision of services within the Lambertson Farms Development, and the District and Commercial District will financially support the repayment of bonds and other obligations incurred in connection with the completion, operation, maintenance and repair of public improvements and the management, administration and provision of services by the District.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developers, and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2023

Note 6: 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.

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. All District fund are transferred to other governments, so TABOR restrictions are not necessary.

On November 6, 2002, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: 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.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability 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.

SUPPLEMENTAL INFORMATION

LAMBERTSON FARMS METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 753,443	\$ 753,475	\$ 32
Interest income	<u>200</u>	<u>193</u>	<u>(7)</u>
Total Revenues	<u>753,643</u>	<u>753,668</u>	<u>25</u>
EXPENDITURES			
Treasurer's Fees	11,302	11,305	(3)
Transfers to District No. 1	<u>742,391</u>	<u>742,363</u>	<u>28</u>
Total Expenditures	<u>753,693</u>	<u>753,668</u>	<u>25</u>
NET CHANGE IN FUND BALANCE	(50)	-	50
FUND BALANCE:			
BEGINNING OF YEAR	<u>50</u>	<u>-</u>	<u>(50)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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