

**LIBERTY MEAD METROPOLITAN
DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**LIBERTY MEAD METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Independent Auditor's Report

Board of Directors
Liberty Mead Metropolitan District
Weld County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Liberty Mead Metropolitan District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility 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; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Liberty Mead Metropolitan District as of December 31, 2020, 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.

Other Matters

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,



Wipfli LLP
Lakewood, Colorado

September 29, 2021

BASIC FINANCIAL STATEMENTS

**LIBERTY MEAD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash	\$ 440,891
Cash - Restricted	687,837
Receivable from County Treasurer	430
Property Taxes Receivable	172,178
Capital Assets, Net	1,880,504
Capital Assets Not Being Depreciated	502,093
Total Assets	3,683,933
LIABILITIES	
Accounts Payable	15,616
Accrued Interest Payable	64,345
Due to Other governments	6,015
Noncurrent Liabilities:	
Due in More Than One Year	19,540,354
Total Liabilities	19,626,330
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Revenue	172,178
Total Deferred Inflows of Resources	172,178
NET POSITION	
Net Investment in Capital Assets	104,480
Restricted for:	
Emergency Reserves	700
Debt service	41,163
Unrestricted	(16,260,918)
Total Net Position	\$ (16,114,575)

See accompanying Notes to Basic Financial Statements.

**LIBERTY MEAD METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 83,686	\$ 2,512	\$ -	\$ 78,000	(3,174)
Dedication of Capital Assets to Other Governments	16,341,037	-	-	-	(16,341,037)
Interest and Related Costs on Long-Term Debt	1,449,232	-	-	-	(1,449,232)
	<u>\$ 17,873,955</u>	<u>\$ 2,512</u>	<u>\$ -</u>	<u>\$ 78,000</u>	<u>(17,793,443)</u>
GENERAL REVENUES					
Property Taxes					111,958
Property Taxes - URA					6,107
Specific Ownership Taxes					5,609
Net Investment Income					3,431
Total General Revenues					<u>127,105</u>
CHANGE IN NET POSITION					(17,666,338)
Net Position - Beginning of Year					<u>1,551,763</u>
NET POSITION - END OF YEAR					<u>\$ (16,114,575)</u>

See accompanying Notes to Basic Financial Statements.

**LIBERTY MEAD METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 440,891	\$ -	\$ -	\$ 440,891
Cash and Investments - Restricted	700	105,137	582,000	687,837
Receivable from County Treasurer	59	371	-	430
Property Taxes Receivable	23,748	148,430	-	172,178
Total Assets	\$ 465,398	\$ 253,938	\$ 582,000	\$ 1,301,336
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 15,616	\$ -	\$ -	\$ 15,616
Due to Other Governments	6,015	-	-	6,015
Total Liabilities	21,631	-	-	21,631
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	23,748	148,430	-	172,178
Total Deferred Inflows of Resources	23,748	148,430	-	172,178
FUND BALANCES				
Restricted for:				
Emergency Reserves	700	-	-	700
Debt Service	-	105,508	-	105,508
Assigned to:				
Capital Projects	-	-	582,000	582,000
Unassigned	419,319	-	-	419,319
Total Fund Balances	420,019	105,508	582,000	1,107,527
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 465,398	\$ 253,938	\$ 582,000	

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

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

Capital Assets, Net	1,880,504
Capital Assets, Not Being Depreciated	502,093

Long-term liabilities are not due and payable within the current period and, therefore, are not reported in the funds

Bonds Payable	(14,000,000)
Developer Advances Payable	(4,225,467)
Accrued Interest on Bonds Payable	(64,345)
Accrued Interest on Developer Advances	(1,314,887)

Net Position of Governmental Activities	\$ (16,114,575)
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See accompanying Notes to Basic Financial Statements.

**LIBERTY MEAD METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General Fund	Debt Service Fund	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 10,178	\$ 101,780	\$ -	\$ 111,958
Property Taxes - URA	6,107	-	-	6,107
Specific Ownership Taxes	774	4,835	-	5,609
Facilities Fee	-	-	78,000	78,000
Interest Income	3,005	426	-	3,431
Homeowners Fees	2,512	-	-	2,512
Total Revenues	<u>22,576</u>	<u>107,041</u>	<u>78,000</u>	<u>207,617</u>
EXPENDITURES				
General Government:				
Accounting	18,809	-	-	18,809
Payment to URA	6,015	-	-	6,015
County Treasurer's Fees	153	1,533	-	1,686
County Treasurer's Fee - URA	92	-	-	92
Legal Services	19,859	-	-	19,859
Landscape Water	16,702	-	-	16,702
Snow Removal	754	-	-	754
Election Expense	2,180	-	-	2,180
Bond Issue Cost	-	-	70,000	70,000
Landscaping	8,423	-	-	8,423
Utilities	5,240	-	-	5,240
Traffic and Safety Control	-	-	427,407	427,407
Parks and Recreation	-	-	1,884,430	1,884,430
Sewer and Drainage Systems	-	-	3,688,088	3,688,088
Water Systems	-	-	2,409,538	2,409,538
Streets, Curb, Gutter, and Sidewalks	-	-	9,816,004	9,816,004
Total Expenditures	<u>78,227</u>	<u>1,533</u>	<u>18,295,467</u>	<u>18,375,227</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,651)	105,508	(18,217,467)	(18,167,610)
OTHER FINANCING SOURCES (USES)				
Water Credit Fees	-	-	574,000	574,000
Bond Proceeds	-	-	14,000,000	14,000,000
Developer Advances	-	-	18,225,467	18,225,467
Repayment of Developer Advances	-	-	(14,000,000)	(14,000,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,799,467</u>	<u>18,799,467</u>
NET CHANGE IN FUND BALANCE	(55,651)	105,508	582,000	631,857
Fund Balance - Beginning of Year	<u>475,670</u>	<u>-</u>	<u>-</u>	<u>475,670</u>
FUND BALANCE - END OF YEAR	<u>\$ 420,019</u>	<u>\$ 105,508</u>	<u>\$ 582,000</u>	<u>\$ 1,107,527</u>

See accompanying Notes to Basic Financial Statements.

**LIBERTY MEAD METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 631,857

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

Governmental funds report revenues related to the sale of capital assets as an other source. In the statement of activities, the reduction of capital assets that do not experience either a gain or a loss are not reported as a revenue.

Water Credit (574,000)

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation (3,926)
 Conveyance of Capital Assets to Other Governments (16,341,037)
 Capital Outlay 18,225,467

Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance (14,000,000)
 Developer Advances (18,225,467)
 Developer Advances Repayment 14,000,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advances - Change in Liability (1,314,887)
 Accrued Interest on Bonds - Change in Liability (64,345)

Change in Net Position of Governmental Activities \$ (17,666,338)

**LIBERTY MEAD METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 10,185	\$ 10,178	\$ (7)
Property Taxes - URA	6,111	6,107	(4)
Specific Ownership Taxes	1,141	774	(367)
Facilities Fee	21,200	-	(21,200)
Interest Income	6,000	3,005	(2,995)
Homeowner Fees	-	2,512	2,512
Total Revenues	<u>44,637</u>	<u>22,576</u>	<u>(22,061)</u>
EXPENDITURES			
Accounting	15,000	18,809	(3,809)
County Treasurer's Fee	153	153	-
County Treasurer's Fee - URA	92	92	-
Dues and Licenses	2,000	-	2,000
Insurance and Bonds	2,000	-	2,000
Legal Services	30,000	19,859	10,141
Contingency	2,736	-	2,736
Landscape Water	20,000	16,702	3,298
Snow Removal	5,000	754	4,246
Payment to URA	6,019	6,015	4
Election Expense	2,000	2,180	(180)
Landscaping	-	8,423	(8,423)
Utilities	-	5,240	(5,240)
Total Expenditures	<u>85,000</u>	<u>78,227</u>	<u>6,773</u>
NET CHANGE IN FUND BALANCE	(40,363)	(55,651)	(15,288)
Fund Balance - Beginning of Year	<u>475,612</u>	<u>475,670</u>	<u>58</u>
FUND BALANCE - END OF YEAR	<u>\$ 435,249</u>	<u>\$ 420,019</u>	<u>\$ (15,230)</u>

See accompanying Notes to Basic Financial Statements.

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Liberty Mead Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the County of Weld on June 20, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Mead on March 31, 2014.

The District was established to finance the construction of certain streets, traffic safety controls, street lighting, sanitary sewer, water, landscaping, storm drainage, mosquito control, and park and recreation improvements. The District shall not provide fire protection or emergency medical services of facilities.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental fund:

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

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

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Storm Drainage	20 Years
Parks and Recreation	40 Years

Water Rights

The cost of water rights includes acquisition cost, and legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

During 2017, the District purchased 70.28 Little Thompson Water District (LTWD) Urban Raw Water credits for \$1,075,000. The District capitalized this purchase along with the soft costs incurred to purchase the credits. The District is within the boundaries of LTWD and will receive water services from LTWD, and these water credits were acquired for future use within the District. During 2020, the District sold \$574,000 worth of water credits. As of December 31, 2020, the District remaining water credits total \$502,093.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 440,891
Cash and Investments - Restricted	<u>687,837</u>
Total Cash and Investments	<u><u>\$ 1,128,728</u></u>

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 547,198
Investments	581,530
Total Cash and Investments	<u>\$ 1,128,728</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had a bank balance of \$592,198 and a carrying balance of \$547,198.

Investments

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

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

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 581,530</u>

CSAFE

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress:				
Streets, Curbs, Gutters, and Sidewalks	\$ -	\$ 9,816,004	\$ 9,816,004	\$ -
Traffic and Safety Protection	-	427,407	427,407	-
Sanitary Sewer	-	3,688,088	3,688,088	-
Water System	-	2,409,538	2,409,538	-
Water Rights	1,076,093	-	574,000	502,093
Total Capital Assets, Not Being Depreciated	<u>1,076,093</u>	<u>16,341,037</u>	<u>16,915,037</u>	<u>502,093</u>
Capital Assets, Being Depreciated:				
Park Landscape	-	1,884,430	-	1,884,430
Total Capital Assets, Being Depreciated	-	1,884,430	-	1,884,430
Less Accumulated Depreciation for:				
Park Landscape	-	(3,926)	-	(3,926)
Total Accumulated Depreciation	<u>-</u>	<u>(3,926)</u>	<u>-</u>	<u>(3,926)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>1,880,504</u>	<u>-</u>	<u>1,880,504</u>
Capital Assets, Net	<u>\$ 1,076,093</u>	<u>\$ 18,221,541</u>	<u>\$ 16,915,037</u>	<u>\$ 2,382,597</u>

Depreciation expense in the amount of \$3,926 was charged to the general government function.

During 2020, a significant portion of the capital assets acquired by the District were conveyed to other government entities. The cost of all capital assets transferred to other government entities were removed from the District's financial records. There is a two-year warranty period on the capital assets conveyed to the City. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020	Due Within One Year
Bonds:					
Series 2020 - Limited Tax General Obligation Bonds	\$ -	\$ 14,000,000	\$ -	\$ 14,000,000	\$ -
Bonds Subtotal	-	14,000,000	-	14,000,000	-
Developer Advances:					
Developer Advance - Capital	-	18,225,467	14,000,000	4,225,467	-
Accrued Interest on Developer Advance - Capital	-	1,314,887	-	1,314,887	-
Developer Advances Subtotal	-	19,540,354	14,000,000	5,540,354	-
Total	\$ -	\$ 33,540,354	\$ 14,000,000	\$ 19,540,354	\$ -

Series 2020 Limited Tax General Obligations Bonds

On November 30, 2020, the District authorized the issuance of Limited Tax General Obligation Bonds, Series 2020 (the Bonds) in the aggregate principal amount of \$14,000,000 with an interest rate of 5.50% calculated on the basis of a 360-day year of 12 30-day months. Interest on the Bonds are payable on June 1 and December 1, commencing on June 1, 2021. The principal and interest on the Bonds are payable solely from and the extent of Pledged Revenues, which may or may not be sufficient to pay the principal and interest on the Bonds. The Bonds are subject to redemption prior to maturity without premium.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy. The Bonds are also secured by amounts held by the Trustee in the Reserve Fund(s). Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable including any accrued interest and unpaid amounts and interest due as a result of compounding, if any. The maximum Required Mill Levy is 50.000 mills adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2020, the adjusted maximum mill levy is 55.664 mills. For collection year 2020, the District levied 55.664 mills.

The Series 2020 Bonds shall be subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1 in excess thereof, on December 1, 2030 and any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium.

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The District has entered into Funding and Reimbursement Agreements with Eagle Development Company (Developer) as follows:

Funding and Reimbursement Agreement for Operations and Maintenance Costs

On November 11, 2019, the District entered into an agreement with the Developer. The Developer has agreed to advance up to \$500,000 through December 31, 2019, to fund the costs of operations and maintenance. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on November 11, 2020, and was extended through December 31, 2021. As of December 31, 2020, there was no outstanding principal and interest for Operating advances.

Funding and Reimbursement Agreement for Capital Costs

On November 11, 2019, the District entered into an agreement with the Developer. The Developer has agreed to advance up to \$14,000,000 through December 31, 2019, to fund the costs of capital projects. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on November 11, 2020, and was extended through December 31, 2021. As of December 31, 2020, outstanding principal for Capital advances totaled \$4,225,467 and accrued interest due totaled \$1,314,887.

The District's general obligation bond principal and interest will mature as follows

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 772,139	\$ 772,139
2022	-	770,000	770,000
2023	-	770,000	770,000
2024	-	770,000	770,000
2025	-	770,000	770,000
2026-2030	-	3,850,000	3,850,000
2031-2035	1,603,000	3,735,160	5,338,160
2036-2040	3,082,000	3,096,500	6,178,500
2041-2045	4,455,000	2,106,555	6,561,555
2046-2049	4,860,000	689,535	5,549,535
Total	<u>\$ 14,000,000</u>	<u>\$ 17,329,889</u>	<u>\$ 31,329,889</u>

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 6, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$105,300,000 at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had the following remaining authorized but unissued indebtedness:

	Amount Authorized May 6, 2014	Authorization Used	Authorized But Unused
Streets	\$ 8,775,000	\$ 7,540,221	\$ 1,234,779
Parks and Recreation	8,775,000	1,447,536	7,327,464
Water	8,775,000	1,850,901	6,924,099
Sanitation/Storm Sewer	8,775,000	2,833,026	5,941,974
Transportation	8,775,000	-	8,775,000
Mosquito Control	8,775,000	-	8,775,000
Safety Protection	8,775,000	328,316	8,446,684
Fire Protection	8,775,000	-	8,775,000
Television Relay and Translation	8,775,000	-	8,775,000
Operations and Maintenance	8,775,000	-	8,775,000
Refunding of Debt	8,775,000	-	8,775,000
Governmental IGAs	8,775,000	-	8,775,000
Total	<u>\$ 105,300,000</u>	<u>\$ 14,000,000</u>	<u>\$ 91,300,000</u>

The Service Plan limits the total remaining amount of debt to \$4,674,000 except to allow for refunding of debt. In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,880,504
Noncurrent Portion of Long-Term Obligations	<u>(1,776,024)</u>
Net Investment in Capital Assets	<u>\$ 104,480</u>

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET POSITION (CONTINUED)

The restricted component of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2020, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 700
Debt Service	41,163
Total Restricted Net Position	<u>\$ 41,863</u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

The members of the Board of Directors of the District are employees, owners of, or otherwise associated with, Eagle Development Company, the Landhuis Company, Saint Aubyn Homes, LLC, and Affirmed Financial Services, LLC, holders of the District's outstanding bonds, and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer. Any potential conflicts have been filed in accordance with Colorado Law.

NOTE 8 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

**LIBERTY MEAD METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 7, 2017, the District voters passed an election question to increase property taxes \$2,000,000 annually as adjusted for inflation, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue without regard to any limitations under TABOR.

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.

SUPPLEMENTARY INFORMATION

**LIBERTY MEAD METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 101,854	\$ 101,780	\$ (74)
Specific Ownership Taxes	7,130	4,835	(2,295)
Net Investment Income	-	426	426
Total Revenues	<u>108,984</u>	<u>107,041</u>	<u>(1,943)</u>
EXPENDITURES			
County Treasurer's Fees	1,528	1,533	(5)
Bond Payment - Interest	107,456	-	107,456
Total Expenditures	<u>108,984</u>	<u>1,533</u>	<u>107,451</u>
NET CHANGE IN FUND BALANCES	-	105,508	105,508
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 105,508</u>	<u>\$ 105,508</u>

**LIBERTY MEAD METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Bond Proceeds	\$ 13,400,000	\$ 14,000,000	\$ 14,000,000	\$ -
Facilities Fees	-	78,000	78,000	-
Total Revenues	<u>13,400,000</u>	<u>14,078,000</u>	<u>14,078,000</u>	<u>-</u>
EXPENDITURES				
Bond Issue Costs	50,000	70,000	70,000	-
Traffic and Safety Control	45,000	427,407	427,407	-
Parks and Recreation	287,000	1,884,430	1,884,430	-
Sewer and Drainage Systems	3,665,000	3,688,088	3,688,088	-
Water Systems	3,000,000	2,409,538	2,409,538	-
Streets, Curb, Gutter, and Sidewalks	6,353,000	9,816,004	9,816,004	-
Contingency	-	4,533	-	4,533
Total Expenditures	<u>13,400,000</u>	<u>18,300,000</u>	<u>18,295,467</u>	<u>4,533</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,222,000)	(4,217,467)	4,533
OTHER FINANCING SOURCES (USES)				
Water Credit Fees	-	574,000	574,000	-
Developer Advances	13,400,000	18,225,467	18,225,467	-
Repayment of Developer Advances	(13,400,000)	(14,000,000)	(14,000,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,799,467</u>	<u>4,799,467</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	577,467	582,000	4,533
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 577,467</u>	<u>\$ 582,000</u>	<u>\$ 4,533</u>

OTHER INFORMATION

**LIBERTY MEAD METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$14,000,000 Limited Tax General Obligation Bonds
Series 2020
Interest 5.50%
Dated November 30, 2020
Interest Payable December 1 and June 1
Principal Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 772,139	\$ 772,139
2022	-	770,000	770,000
2023	-	770,000	770,000
2024	-	770,000	770,000
2025	-	770,000	770,000
2026	-	770,000	770,000
2027	-	770,000	770,000
2028	-	770,000	770,000
2029	-	770,000	770,000
2030	-	770,000	770,000
2031	-	770,000	770,000
2032	280,000	770,000	1,050,000
2033	400,000	754,600	1,154,600
2034	448,000	732,600	1,180,600
2035	475,000	707,960	1,182,960
2036	528,000	681,835	1,209,835
2037	560,000	652,795	1,212,795
2038	619,000	621,995	1,240,995
2039	655,000	587,950	1,242,950
2040	720,000	551,925	1,271,925
2041	762,000	512,325	1,274,325
2042	834,000	470,415	1,304,415
2043	882,000	424,545	1,306,545
2044	960,000	376,035	1,336,035
2045	1,017,000	323,235	1,340,235
2046	1,103,000	267,300	1,370,300
2047	1,166,000	206,635	1,372,635
2048	1,262,000	142,505	1,404,505
2049	1,329,000	73,095	1,402,095
Total	<u>\$ 14,000,000</u>	<u>\$ 17,329,889</u>	<u>\$ 31,329,889</u>

**LIBERTY MEAD METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total		Percent Collected to Levied
		for General	Property Taxes Levied	Collected	
2016	\$ 18,606,520	47.000	\$ 874,506	\$ 874,507	100.00 %
2017	7,478,590	47.000	351,494	351,494	100.00
2018	4,243,770	51.961	220,511	220,511	100.00
2019	2,660,230	51.961	138,228	119,892	86.73
2020	1,829,800	64.570	118,150	118,065	99.93
Estimated for the					
Year Ending					
<u>December 31,</u>					
2021	\$ 2,666,530	64.570	\$ 172,178		

Note:

Property taxes shown as collected in any one year include collection of delinquent property taxes or of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.