

# LAREDO METROPOLITAN DISTRICT

COMMERCE CITY  
ADAMS COUNTY, COLORADO



**ANNUAL FINANCIAL STATEMENTS**

**December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

July 20, 2021

To the Board of Directors  
Laredo Metropolitan District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Laredo Metropolitan 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 of America; this includes the design, implementation, and maintenance of internal control and 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of Laredo Metropolitan District, as of December 31, 2020 and the respective changes in financial position and the budgetary comparison for the General Fund, Reserve Fund and Debt Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other-Matters

#### *Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Laredo Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary 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 it.

B F Boyner CPA PC

**Certified Public Accountants**  
**Lakewood, CO**

**LAREDO METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2020

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ -
Cash and investments – restricted	757,301
Accounts receivable – specific ownership taxes	2,571
Property taxes receivable	440,500
Prepaid expenses	5,761
<b>Total Assets</b>	<b>\$ 1,206,133</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 900
Accrued interest payable	10,191
Current portion of municipal bonds	180,000
Property tax rebates	-
Municipal bonds (matures December 2035)	3,735,000
<b>Total Liabilities</b>	<b>3,926,154</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	440,500
<b>NET POSITION</b>	
Restricted:	
Emergency reserves	-
Debt service	758,972
Capital projects	-
Non-spendable	5,761
Unassigned:	( 3,925,191)
<b>Total Net Position</b>	<b>(\$ 3,160,458)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**LAREDO METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the 12-Month Period Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government:</b>					
<b>Government Activities:</b>					
General government activities	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and related costs on long-term debt	( 162,392)	-	-	-	( 162,392)
Capital project activities	-	-	-	-	-
	<u>(\$ 162,392)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>( 162,392)</u>
<b>General Revenues</b>					
	Property taxes				\$ 487,739
	Specific ownership taxes				32,057
	Net investment income				8,500
	Total general revenue				<u>528,296</u>
	Change in net position				<u>365,904</u>
	<b>Net Position (Deficit) – Beginning of Year</b>				<u>( 3,526,362)</u>
	<b>Net Position (Deficit) – End of Year</b>				<u>(\$ 3,160,458)</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**LAREDO METROPOLITAN DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
December 31, 2020

	General	Debt Service	Capital Projects	Total Government Funds
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	757,301	-	757,301
Accounts receivable – spec ownership taxes	-	2,571	-	2,571
Property taxes receivable	-	440,500	-	440,500
Prepaid expenses	-	5,761	-	5,761
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,206,133</b>	<b>\$ -</b>	<b>\$ 1,206,133</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 900	-	\$ 900
Property tax rebates	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenue	-	440,500	-	440,500
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>441,400</b>	<b>-</b>	<b>441,400</b>
<b>FUND BALANCES</b>				
Restricted:				
Emergencies (TABOR)	-	-	-	-
Debt service	-	758,972	-	758,972
Capital projects	-	-	-	-
Non-spendable	-	5,761	-	5,761
Unrestricted	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>764,733</b>	<b>-</b>	<b>764,733</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 1,206,133</b>	<b>\$ -</b>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	( 3,915,000)
Accrued interest payable	( 10,191)
<b>Net position of governmental activities</b>	<b>( \$3,160,458)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

LAREDO METROPOLITAN DISTRICT  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
12-Month Period Ended December 31, 2020

	General	Debt Service	Capital Projects	Total Government Funds
<b>REVENUES</b>				
Property taxes	\$ 29,184	\$ 437,739	\$ -	\$ 466,923
Temporary property tax mill levy reduction	20,816	-	-	20,816
Specific ownership taxes	1,981	30,076	-	32,057
Net investment income	2,167	6,333	-	8,500
<b>Total revenues</b>	<b>54,148</b>	<b>474,148</b>	<b>-</b>	<b>528,296</b>
<b>EXPENDITURES</b>				
Direct and indirect collection costs	-	40,164	-	40,164
<b>Debt service</b>				
Bond interest – 2015 Series Bonds	-	122,228	-	122,228
Bond principal – 2015 Series Bonds	-	175,000	-	175,000
Public infrastructure acquisitions	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>337,392</b>	<b>-</b>	<b>337,392</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>54,148</b>	<b>136,756</b>	<b>-</b>	<b>190,904</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund Transfers In / (Out)	( 54,148)	54,148	-	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>190,904</b>	<b>-</b>	<b>190,904</b>
<b>FIND BALANCES – BEGINNING</b>	<b>-</b>	<b>573,829</b>	<b>-</b>	<b>573,829</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ -</b>	<b>\$ 764,733</b>	<b>\$ -</b>	<b>\$ 764,733</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

LAREDO METROPOLITAN DISTRICT  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
12-Month Period Ended December 31, 2020

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

Net change in fund balances – Total government funds	\$	190,904
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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. Therefore, this is the net capital outlay activity for the year:

Principal payment on 2015 Series Bonds		175,000
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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.

Decrease in accrued bond interest payable		-
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<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>365,904</b>
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These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

LAREDO METROPOLITAN DISTRICT  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL**  
12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 29,814	\$ 29,184	\$ -
Temporary property tax mill levy reduction	-	20,816	20,816
Specific ownership taxes	2,100	1,981	( 119)
Net investment income	1,816	2,167	351
<b>Total revenues</b>	<u>33,100</u>	<u>54,148</u>	<u>21,048</u>
<b>EXPENDITURES</b>			
General and administration	43,000	-	43,000
Other district expenses	-	-	-
Election expenses	5,000	-	5,000
<b>Total expenditures</b>	<u>48,000</u>	<u>-</u>	<u>48,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 14,900)</u>	<u>54,148</u>	<u>69,048</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	( 54,148)	( 54,148)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>( 54,148)</u>	<u>( 54,148)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>( 14,900)</u>	<u>-</u>	<u>14,900</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>56,900</u>	<u>-</u>	<u>( 56,900)</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>(\$ 42,000)</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

LAREDO METROPOLITAN DISTRICT  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2020

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Laredo Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 15, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under service plan approved by Commerce City (City) on April 03, 2002. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, transportation, television relay and translator, mosquito control, water facilities, sanitary sewer, and storm drainage.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are 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.

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

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

Separate financial statements are provided for 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

## **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 funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On November 07, 2019, the Board adopted the District's 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.

Investments are carried at fair value.

## **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.

On May 07, 2002, District voters authorized the District to assess property taxes at no more than \$50,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters authorized the District to retain and spend all such revenue without regard to TABOR spending, revenue raising or other limitations.

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

## **Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. In 2020, the District's share of Specific ownership taxes was equal to approximately 7.4% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Collection Costs**

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

The District owns no land and provides no services to District residents and property owners. The District's sole function is to manage the repayment of the District's debts. Consequently, all costs incurred by the District are considered direct or indirect collection costs supporting the repayment of the District's debts.

## Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2020 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

## Equity

### Net Position

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

### Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a fund balance that does not meet any of the criteria described above.

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

### 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 – unrestricted	\$ -
Cash and investments – restricted	757,301
<b>Total cash and investments</b>	<b>\$ 757,301</b>

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

Deposits with financial institutions	\$ 25,118
Investments	732,183
<b>Total cash and investments</b>	<b>\$ 757,301</b>

#### 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 and carrying balance of \$25,118.

#### 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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2020, the District's investments were comprised of the following:

<b>Investment</b>	<b>Maturity</b>	<b>Amortized Cost</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 658,176
ColoTrust Prime Fund	Weighted Average Under 60 Days	74,007
		<b>\$ 732,183</b>

### **CSAFE**

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$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. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

### **COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. COLOTRUST records its investments at fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. No limitations exist on the District's ability to withdraw funds invested in CSAFE. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The

custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

#### NOTE 4 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2020:

	Balance at Dec. 31, 2019	Additions	Retirements	Balance at Dec. 31, 2020	Due within one year
Series 2015 G.O. Bonds	\$ 4,090,000	\$ -	(\$ 175,000)	\$ 3,915,000	\$ 180,000
Accrued Interest – Series 2015 G.O. Bonds	10,191	-	-	10,191	-
<b>Total</b>	<b>\$ 4,100,191</b>	<b>\$ -</b>	<b>(\$ 175,000)</b>	<b>\$ 3,925,191</b>	<b>\$ -</b>

Details regarding the District's long-term obligations are as follows:

#### Series 2015 General Obligation Refunding and Improvement Bonds (Bonds)

On November 20, 2015, the District issued General Obligation Limited Tax (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2015 in the amount of \$4,740,000. The Bonds bear interest at 2.99% per annum, and are payable semi-annually on June 1 and December 1, beginning on December 1, 2015. The Bonds are subject to mandatory sinking fund redemption on December 1, 2016 and on each December 1 thereafter in increasing amounts annually through maturity on December 1, 2025.

The proceeds from the sale of the 2015 Bonds were used as follows:

Bond proceeds	\$ 4,740,000
Less:	
Retire Series 2003 Bonds	( 4,565,000)
Accrued interest on Series 2003 Bonds	( 23,566)
Legal, accounting and other costs of issuance	( 77,440)
Funding Debt Service Reserve Account	( 73,994)
<b>Net bond proceeds</b>	<b>\$ -</b>

The Bonds are payable from pledged revenue, including the District's covenant to levy the Required Debt Mill Levy on all taxable property within the District as well as specific ownership tax contributions on the Required Debt Mill Levy (Pledged Revenue). The District's required debt mill levy cannot be less than 36.5 mills or in excess of 50 mills until such time as the outstanding debt of the District is equal to or less than 50% of the assessed valuation of all taxable property of the District (Required Debt Mill Levy). Beginning in 2018, contractual restrictions regarding the Required Debt Mill Levy were released because the outstanding debt of the District was less than 50% of the assessed valuation of all taxable property of the District.

Pursuant to the 2015 Bond Resolution, the District is required to establish a Debt Service Reserve Account. The minimum and maximum Debt Service Reserve requirement is \$73,994 and \$474,000, respectively. Funds in excess of the maximum Debt Service Reserve requirement may be used to pay required debt service on any other obligations of the District. As of December 31, 2020, the balance in the Debt Service Reserve was \$74,756.

Outstanding bond principal and interest on the Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 180,000	\$ 117,059	\$ 297,059
2022	185,000	111,677	296,677
2023	190,000	106,145	296,145
2024	195,000	100,464	295,464
2025	3,165,000	94,631	3,259,631
<b>Total</b>	<b>\$ 3,915,000</b>	<b>\$ 529,976</b>	<b>\$ 4,444,976</b>

## Debt Authorization

### Debt Authorization – Service Plan

The District's service plan limits the District's debt service to a Maximum Mill Levy of 50.000 mills, provided, however, that in the event the method of calculating the assessed valuation is changed after the date of the approved service plan (2002), the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes. As of January 1, 2002, the ratio was 9.15%. The ratio for 2020 was 7.15%, which caused the District's Maximum Mill Levy for debt service for 2020 to be 63.986.

### Debt Authorization – TABOR

On May 7, 2002, the District's electorate authorized the issuance of indebtedness in an amount not to exceed \$13,500,000 for infrastructure improvements and operations and maintenance at an interest rate not to exceed 18% and \$13,400,000 for refunding the District's debt or other obligations.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	<u>Authorized May 2002 Election</u>	<u>Authorization Used, Series 2003 Bonds</u>	<u>Authorization Used, Series 2015 Bonds</u>	<u>Authorization Remaining at Dec. 31, 2020</u>
Street improvements	\$ 3,350,000	\$ 2,228,297	\$ -	\$ 1,121,703
Park and recreational facilities	2,680,000	180,415	-	2,499,585
Sanitary supply	2,680,000	624,622	-	2,055,378
Water supply	2,680,000	1,226,917	-	1,453,083
Public transportation system	335,000	-	-	335,000
Operations and maintenance	100,000	50,000	-	50,000
Traffic and safety controls	1,340,000	274,457	-	1,065,543
Television relay and translation system	167,500	115,292	-	52,208
Mosquito control	167,500	-	-	167,500
<b>Subtotal</b>	<b>13,500,000</b>	<b>4,700,000</b>	<b>-</b>	<b>8,800,000</b>
Refunding of debt	13,400,000	-	4,740,000	8,660,000
<b>Total</b>	<b>\$ 26,900,000</b>	<b>\$ 4,700,000</b>	<b>\$ 4,740,000</b>	<b>\$ 17,460,000</b>

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District’s electors will expire as follows:

- \$8,800,000 will expire in May 2022 - 20 years after the original debt authorization election.
- Debt refunding authorization will expire when the District’s current general obligation debt is paid down to a balance of \$400,000 or less

## NOTE 5 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 7). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2020:

**Developer Advance and Reimbursement Agreement.** On June 06, 2002, the District and the Developer entered into an Advance and Reimbursement Agreement (AR Agreement) in which the Developer agreed to fund costs related to the District’s organization and periodically fund, when shortfalls arise from other revenue sources, the District’s ongoing operating and administrative costs. In exchange, the District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District in its discretion. Simple interest accrues on this contingent obligation, until paid, at the rate of eight percent (8%) per annum.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Developers Advances – Organizational & Operational Costs			
Beginning Balance (Jan. 01, 2020)	\$ 76,000	\$ 81,786	\$ 157,786
Additional advances	-	6,080	6,080
Payments to the Developers	-	-	-
<b>Ending Balance (Dec. 31, 2020)</b>	<b>\$ 76,000</b>	<b>\$ 87,866</b>	<b>\$ 163,866</b>

This AR Agreement shall continue until either (1) the District repays the Developer all amounts accrued under this Agreement or (2) both the Developer and the District mutually agree to terminate the Agreement.

**Infrastructure Acquisition Agreement.** On June 06, 2002, the District and the Developer entered into an Infrastructure Acquisition Agreement (IA Agreement) in which the Developer agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to acquire such improvements from the Developer. No interest accrues on this contingent obligation.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Developers Advances – Capital Costs			
Beginning Balance (Jan. 01, 2020)	\$ 1,014,922	\$ -	\$ 1,014,922
Additional advances	-	-	-
Payments to the Developers	-	-	-
<b>Ending Balance (Dec. 31, 2020)</b>	<b>\$ 1,014,922</b>	<b>\$ -</b>	<b>\$ 1,014,922</b>

## **NOTE 6 – NET POSITION (DEFICIT)**

### **Restricted Net Position**

The District's restricted net position as of December 31, 2020 in the general fund, debt service fund and capital projects fund totaled \$0, \$758,812 and \$0, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2015 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

### **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2020 in the general fund, debt service fund and capital project fund totaled \$0, \$5,761, and \$0, respectively. These balances were created due to the District prepaying certain 2021 expenses in 2020.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2020 totaled (\$3,925,191). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and the District.

## **NOTE 7 – RELATED PARTIES**

None of the directors that served on the District's board in 2020 reported any conflicts of interest arising from their participation on the District's board.

## **NOTE 8 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

**NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS**

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

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

On May 07, 2002, District voters authorized the District to assess property taxes at no more than \$50,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

**Temporary Mill Levy Rate Reduction**

For the 4-year period ended December 31, 2018, the District collected property taxes in excess of the \$50,000 voter-authorized limit. (See **Table 1**) On November 1, 2018, the District Board approved a plan in compliance with CRS 39-1-115.5 to refund excess revenue collections back to tax payors in 2019 and 2020 in the form of a temporary tax credit.

<b>TABLE 1</b>			
<b>Year Ended December 31,</b>	<b>Property Tax Revenue Collected (General Fund)</b>	<b>Revenue Collected in Excess of TABOR Limit</b>	<b>Temporary Property Tax Credit</b>
2015	\$ 50,425	\$ 425	\$ -
2016	62,234	12,234	-
2017	66,868	16,868	-
2018	91,289	41,289	-
2019	50,000	-	( 50,000)
2020	50,000	-	( 20,816)
<b>Total</b>		<b>\$ 70,816</b>	<b>(\$ 70,816)</b>

## **SUPPLEMENTARY INFORMATION**

LAREDO METROPOLITAN DISTRICT  
**DEBT SERVICE FUND –**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
12-Month Period Ended December 31, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
<b>REVENUES</b>				
Property taxes	\$440,500	\$440,500	\$ 437,739	(\$ 2,761)
Specific ownership taxes	30,800	30,800	30,076	( 724)
Net investment income	11,700	11,700	6,333	( 5,367)
<b>Total revenues</b>	<b>483,000</b>	<b>483,000</b>	<b>474,148</b>	<b>( 8,852)</b>
<b>EXPENDITURES</b>				
Direct and indirect collection costs	9,709	40,709	40,164	545
<b>Debt service</b>				
Bond interest – 2015 Series Bonds	122,291	122,291	122,228	63
Bond principal – 2015 Series Bonds	175,000	175,000	175,000	-
<b>Total expenditures</b>	<b>307,000</b>	<b>338,000</b>	<b>337,392</b>	<b>608</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>176,000</b>	<b>145,000</b>	<b>136,756</b>	<b>( 8,244)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	-	54,148	54,148
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>54,148</b>	<b>54,148</b>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>176,000</b>	<b>145,000</b>	<b>190,904</b>	<b>45,904</b>
<b>FUND BALANCE – BEGINNING</b>	<b>460,000</b>	<b>460,000</b>	<b>573,829</b>	<b>113,829</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ 636,000</b>	<b>\$605,000</b>	<b>\$ 764,733</b>	<b>\$ 159,733</b>

LAREDO METROPOLITAN DISTRICT  
**DEBT FUND –**  
**COLLECTION COST DETAILS – BUDGET AND ACTUAL**  
 12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
1. District management fees	\$ -	\$ 21,996	(\$ 21,996)
2. Administrative costs	2,009	837	1,172
3. Audit fees	-	5,940	( 5,940)
4. Collection fees – County Treasurer	6,600	7,031	( 431)
5. Board of Directors’ fees	-	800	( 800)
6. Board training and conferences	-	100	( 100)
7. Insurance	-	2,410	( 2,410)
8. Legal fees	-	-	-
9. Bond paying agent fees	1,100	1,050	50
<b>Total Direct and Indirect Collection Costs</b>	<b>\$ 9,709</b>	<b>\$ 40,164</b>	<b>(\$ 30,455)</b>

LAREDO METROPOLITAN DISTRICT  
**CAPITAL PROJECTS FUND –**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**

12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Net investment income	\$ -	\$ -	\$ -
Facility fees	-	-	-
Other	-	-	-
Total revenues	-	-	-
<b>EXPENDITURES</b>			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	-	-	-
Total expenditures	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	-	-	-
Total other financing sources (uses)	-	-	-
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	-	-
<b>FUND BALANCE – BEGINNING OF YEAR</b>	-	-	-
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAREDO METROPOLITAN DISTRICT  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2016	\$ 6,913,690	9.000	49.000	400,994	\$ 400,994	100.00%
2017	7,429,770	9.000	41.000	371,489	371,488	100.00%
2018	10,143,250	9.000	41.000	507,162	506,918	99.95%
2019	10,743,780	-	41.000	440,500	440,493	100.00%
2020	12,843,370	2.271	34.298	469,684	466,923	99.4%
2021	13,034,810	-	33.794	440,500	[TBD]	[TBD]

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## **OTHER SUPPLEMENTARY INFORMATION**

LAREDO METROPOLITAN DISTRICT  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2020

	2020 Mill Levy* *	2021 Mill Levy *	Change
Laredo Metropolitan District	36.569	33.794	( 2.775)
Brighton School District No. 27J	48.810	48.745	( 0.065)
Commerce City North Infrastructure District	20.000	20.000	-
Adams County	26.917	26.897	( 0.020)
Fire District 6 Greater Brighton	11.795	11.795	-
Rangeview Library District	3.677	3.670	( 0.007)
City of Commerce City	3.104	3.200	0.096
South Adams County Water & Sanitation District	2.449	2.490	0.041
Central Colorado Water Conservation District	1.286	1.156	( 0.130)
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.097	0.100	0.003
<b>Total Mill Levy</b>	<b>155.604</b>	<b>152.747</b>	<b>( 2.857)</b>

\* -- For property tax collections in 2021

\*\* -- For property tax collections in 2020

LAREDO METROPOLITAN DISTRICT  
**HISTORICAL DEBT RATIOS**  
 December 31, 2020

	2016	2017	2018	2019	2020
General Obligation Bonds	\$ 4,585,000	\$ 4,425,000	\$ 4,260,000	\$ 4,090,000	\$ 3,915,000
Accrued, unpaid interest - Bonds	\$ 11,424	\$ 11,026	\$ 10,625	\$ 10,191	\$ 10,191
Other TABOR debt	\$ -	\$ -	\$ -	\$ -	\$ -
Combined assessed property values within the District	\$ 6,913,690	\$ 7,429,770	\$ 10,143,250	\$ 12,843,370	\$ 13,034,810
Ratio of debt to assessed property values	66.5%	59.7%	42.1%	31.9%	30.0%