

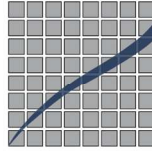
**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

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YEAR ENDED DECEMBER 31, 2022**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Meadow Metropolitan District No. 5
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North Meadow Metropolitan District No. 5 ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards

generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado

July 26, 2023

BASIC FINANCIAL STATEMENTS

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 5,015
Cash and Investments - Restricted	100
Receivable - County Treasurer	6
Due from NMMD No. 2	16
Due from NMMD No. 3	159
Due from NMMD No. 4	13
Property Tax Receivable	19
Prepaid Insurance	13,040
Capital Assets, Not Being Depreciated	2,129,325
Total Assets	2,147,693
LIABILITIES	
Accounts Payable	34,657
Noncurrent Liabilities:	
Due in More than One Year	2,466,777
Total Liabilities	2,501,434
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	19
Total Deferred Inflows of Resources	19
NET POSITION	
Restricted for:	
Emergency Reserves	100
Unrestricted	(353,860)
Total Net Position	\$ (353,760)

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 133,699	\$ -	\$ 190	\$ -	\$ (133,509)
Interest and Related Costs on Long-Term Debt	220,979	-	-	-	(220,979)
Total Governmental Activities	\$ 354,678	\$ -	\$ 190	\$ -	(354,488)
GENERAL REVENUES					
Property Taxes					652
Specific Ownership Taxes					8
Net Investment Income					68
Total General Revenues					728
CHANGE IN NET POSITION					(353,760)
Net Position - Beginning of Year					-
NET POSITION - END OF YEAR					\$ (353,760)

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
BALANCE SHEET -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

ASSETS	General	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 5,015	\$ -	\$ 5,015
Cash and Investments - Restricted	100	-	100
Receivable - County Treasurer	6	-	6
Due from NMMD No. 2	16	-	16
Due from NMMD No. 3	159	-	159
Due from NMMD No. 4	13	-	13
Property Tax Receivable	19	-	19
Prepaid Insurance	13,040	-	13,040
	<u>\$ 18,368</u>	<u>\$ -</u>	<u>\$ 18,368</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,906	\$ 20,751	\$ 34,657
Total Liabilities	<u>13,906</u>	<u>20,751</u>	<u>34,657</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	19	-	19
Total Deferred Inflows of Resources	<u>19</u>	<u>-</u>	<u>19</u>
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	13,040	-	13,040
Restricted for:			
Emergency Reserves	100	-	100
Unassigned:			
General Government	(8,697)	(20,751)	(29,448)
Total Fund Balances	<u>4,443</u>	<u>(20,751)</u>	<u>(16,308)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,368</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.	2,129,325
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	
Developer Advance Payable	(2,266,549)
Accrued Interest Payable - Developer Advance	(200,228)
Net Position of Governmental Activities	<u>\$ (353,760)</u>

See accompanying Notes to Basic Financial Statements.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 652	\$ -	\$ 652
Specific Ownership Taxes	68	-	68
Net Investment Income	8	-	8
Intergovernmental Revenue - NMMD No. 2	17	-	17
Intergovernmental Revenue - NMMD No. 3	160	-	160
Intergovernmental Revenue - NMMD No. 4	13	-	13
Total Revenues	918	-	918
EXPENDITURES			
Current:			
Accounting	28,120	-	28,120
County Treasurer's Fees	9	-	9
Dues and Licenses	821	-	821
Insurance and Bonds	11,985	-	11,985
District Management	21,920	-	21,920
Legal Services	50,239	-	50,239
Miscellaneous	2,053	-	2,053
Organization Costs	220	-	220
Election Expense	942	-	942
Intergovernmental Expenditures	16,532	-	16,532
Capital Projects:			
Bond Issue Costs	-	20,751	20,751
Organization Costs	-	858	858
Engineering	-	12,634	12,634
Capital Outlay	-	2,116,691	2,116,691
Total Expenditures	132,841	2,150,934	2,283,775
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(131,923)	(2,150,934)	(2,282,857)
OTHER FINANCING SOURCES (USES)			
Developer Advance	136,366	2,130,183	2,266,549
Total Other Financing Sources (Uses)	136,366	2,130,183	2,266,549
NET CHANGE IN FUND BALANCES	4,443	(20,751)	(16,308)
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	\$ 4,443	\$ (20,751)	\$ (16,308)

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (16,308)

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

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. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital Assets Acquired 2,129,325

The issuance of Long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance (2,266,549)

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 (200,228)

Changes in Net Position of Governmental Activities \$ (353,760)

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 652	\$ 652	\$ 652	\$ -
Specific Ownership Taxes	65	65	68	3
Net Investment Income	-	3	8	5
Other Income	1,000	15,000	-	(15,000)
Intergovernmental Revenue - NMMD No. 2	-	16	17	1
Intergovernmental Revenue - NMMD No. 3	-	156	160	4
Intergovernmental Revenue - NMMD No. 4	-	13	13	-
Total Revenues	<u>1,717</u>	<u>15,905</u>	<u>918</u>	<u>(14,987)</u>
EXPENDITURES				
Accounting	-	23,296	28,120	(4,824)
County Treasurer's Fees	10	10	9	1
Dues and Licenses	-	821	821	-
Insurance and Bonds	-	11,985	11,985	-
District Management	-	17,375	21,920	(4,545)
Legal Services	-	53,811	50,239	3,572
Miscellaneous	-	2,703	2,053	650
Organization Costs	-	977	220	757
Election Expense	-	1,653	942	711
Intergovernmental Expenditures	707	7,369	16,532	(9,163)
Contingency	1,000	15,000	-	15,000
Total Expenditures	<u>1,717</u>	<u>135,000</u>	<u>132,841</u>	<u>2,159</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(119,095)	(131,923)	(12,828)
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	135,627	136,366	739
Total Other Financing Sources (Uses)	-	135,627	136,366	739
NET CHANGE IN FUND BALANCE	-	16,532	4,443	(12,089)
Fund Balance - Beginning of Year	-	(16,532)	-	16,532
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,443</u>	<u>\$ 4,443</u>

See accompanying Notes to Basic Financial Statements.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

North Meadow Metropolitan District No. 5 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on May 12, 2021, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The original Service Plan, approved by the City of Colorado Springs on March 23, 2021, and amended and restated on November 8, 2022, formed North Meadow Metropolitan District Nos. 1 - 5 (the Districts). The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for residential and commercial development.

The District was organized in conjunction with North Meadow Metropolitan District No. 1 (District No. 1), North Meadow Metropolitan District No. 2 (District No. 2), North Meadow Metropolitan District No. 3 (District No. 3), and North Meadow Metropolitan District No. 4 (District No. 4) to serve the needs of the North Meadow development for the purpose of financing, construction and operation of improvements and infrastructure serving the three districts. District No. 5 is responsible for managing the construction, operation and maintenance of all improvements not transferred to the City of Colorado Springs. District No. 1, District No. 2, District No. 3, and District No. 4 are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund ongoing operations.

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

The District has no employees, and all operational 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 taxes.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 collectable 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. 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 Capital Projects Fund was established to account for financial resources to be used for the acquisition and construction of capital facilities.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with 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, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 fixed assets, as applicable.

The District does not depreciate its Construction in Progress capital assets.

Deferred Inflow 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.

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.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficit

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2023.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 5,015
Cash and Investments - Restricted	100
Total Cash and Investments	\$ 5,115

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

Deposits with Financial Institutions	\$ 5,109
Investments	6
Total Cash and Investments	\$ 5,115

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.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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.

As of December 31, 2022, the District's cash deposits had a bank balance and a book balance of \$5,109.

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.

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, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$</u> <u>6</u>

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 2,129,325	\$ -	\$ 2,129,325
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 2,129,325</u>	<u>\$ -</u>	<u>\$ 2,129,325</u>

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
Developer Advance					
Payable - Operations	\$ -	\$ 136,366	\$ -	\$ 136,366	\$ -
Accrued Interest on Developer					
Advances - Operations	-	5,798	-	5,798	-
Developer Advance					
Payable - Capital	-	2,130,183	-	2,130,183	-
Accrued Interest on Developer					
Advances - Capital	-	194,430	-	194,430	-
Total	<u>\$ -</u>	<u>\$ 2,466,777</u>	<u>\$ -</u>	<u>\$ 2,466,777</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

Developer Advances

The District entered in a Facilities Funding and Reimbursement Agreement (the Agreement) with the Developer (see Note 7) whereby the District agrees to reimburse the Developer for operational advances made on behalf of the District. The District agrees to repay the Developer along with accrued interest at a rate of 8%.

As of December 31, 2022, outstanding Developer Advances under the agreement totaled \$2,266,549 and accrued interest totaled \$200,228.

Authorized Debt

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,465,000,000 at an interest rate not to exceed 12% per annum. At December 31, 2022, the District has authorized but unissued indebtedness for the following amounts allocated to the following purposes:

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Authorized November 2, 2021	Authorization Used	Remaining at December 31, 2022
Street Improvements	\$ 145,000,000	\$ -	\$ 145,000,000
Water	145,000,000	-	145,000,000
Sanitation	145,000,000	-	145,000,000
Traffic and Safety	145,000,000	-	145,000,000
Transportation	145,000,000	-	145,000,000
Park and Recreation	145,000,000	-	145,000,000
Mosquito Control	145,000,000	-	145,000,000
Television Relay and Translation	145,000,000	-	145,000,000
Security	145,000,000	-	145,000,000
Business Recruitment	145,000,000	-	145,000,000
Fire Protection	145,000,000	-	145,000,000
Operations and Maintenance	145,000,000	-	145,000,000
Revenue Debt	145,000,000	-	145,000,000
Special Assessments	145,000,000	-	145,000,000
Reimbursement Agreements	145,000,000	-	145,000,000
Debt Refunding	290,000,000	-	290,000,000
Total	<u>\$ 2,465,000,000</u>	<u>\$ -</u>	<u>\$ 2,465,000,000</u>

As set forth in the District's 2022 Service Plan, debt issued by the Districts is subject to the approval of the City Council concurrent with the time of issuance, unless previously authorized. The District may levy up to 50.000 mills for debt service, up to 20.000 mills for residential general operations and administrative expenses, and up to 10.000 mills for commercial general operations and administrative expenses, subject to the upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut or abatement occurring after, but not before August 9, 2022.

NOTE 6 NET POSITION

The District has net position consisting of two component – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 100
Total Restricted Net Position	<u>\$ 100</u>

The District has a deficit in unrestricted net position.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is Nor'Wood Development Group. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 AGREEMENTS

On May 21, 2021, the District entered in an intergovernmental district facilities construction and service agreement (IGA) with North Meadow Metropolitan District Nos. 1 – 4 (Financing Districts). The purpose of the IGA is to set forth the rights and obligations of the District and the Financing Districts to fund the public improvements and continued operation and maintenance of public improvements, in addition to the rights and obligations of the District to operate and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the District will benefit all property owners and residents within the Districts. The IGA shall remain in effect until May 20, 2061, unless terminated earlier.

NOTE 10 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2022. 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.

NORTH MEADOW METROPOLITAN DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 11 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.

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.

On November 3, 2020, a majority of the District's electors passed an election question to increase the property taxes \$10,000,000 annually to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenues without regard to any limitations under TABOR.

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

SUPPLEMENTARY INFORMATION

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Bond Issue Costs	-	-	20,751	(20,751)
Organization Costs	-	-	858	(858)
Engineering	-	10,237	12,634	(2,397)
Capital Outlay	-	2,189,763	2,116,691	73,072
Total Expenditures	-	2,200,000	2,150,934	49,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,200,000)	(2,150,934)	49,066
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	2,200,000	2,130,183	(69,817)
Total Other Financing Sources (Uses)	-	2,200,000	2,130,183	(69,817)
NET CHANGE IN FUND BALANCES	-	-	(20,751)	(20,751)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ (20,751)	\$ (20,751)

OTHER INFORMATION

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2022	\$ 65,150	10.000	0.000	\$ 652	\$ 652	100.00 %
Estimated for the Year Ending December 31, 2023	\$ 970	20.000	0.000	\$ 19		

NOTE:

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