

**MAYBERRY, COLORADO SPRINGS COMMUNITY
AUTHORITY
EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

TABLE OF CONTENTS

Independent auditor's report	i
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	1
Statement of activities	2
<hr/>	
Fund financial statements	
Balance sheets - governmental funds	3
Statements of revenues, expenditures, and changes in fund balances - governmental funds	4
Reconciliation of the statements of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	5
General fund - statement of revenues, expenditures, and changes in fund balance (budget and actual)	6
Notes to financial statements	7
<hr/>	
SUPPLEMENTARY INFORMATION	
Debt service fund - schedule of revenues, expenditures, and changes in fund balance (budget and actual)	17
Capital projects fund - schedule of revenues, expenditures, and changes in fund balance (budget and actual)	18



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mayberry, Colorado Springs Community Authority
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Mayberry, Colorado Springs Community Authority ("Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority 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 Authority 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 Authority'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 Authority'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 Authority'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 Authority'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.

BiggsKofford, P.C.

Colorado Springs, Colorado

September 11, 2023

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 330,641
Cash and investments - restricted	3,691,547
Intergovernmental pledges receivable from District No. 2	812
Intergovernmental pledges receivable from District No. 3	8,395
Construction in progress	10,689,750
Total assets	14,721,145
<u>LIABILITIES</u>	
Accounts payable	738,821
Retainage payable	57,795
Accrued interest	468,247
Noncurrent liabilities:	
Due in more than one year	15,777,885
Total liabilities	17,042,748
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes from District No. 2	5,102
Deferred property taxes from District No. 3	338
Total deferred inflows of resources	5,440
<u>NET POSITION</u>	
Restricted for:	
Capital projects	1,723,494
Debt service	1,918,161
Emergency reserve	1,200
Unrestricted	(5,969,898)
Total net position	\$ (2,327,043)

The accompanying notes and independent auditor's report
should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<u>FUNCTIONS / PROGRAMS</u>				
Primary government				
Government activities:				
General government	\$ 37,600	\$ -	\$ -	\$ (37,600)
Interest and related costs on long-term debt	844,739	-	-	(844,739)
Total government activities	<u>\$ 882,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(882,339)</u>
<u>GENERAL REVENUES</u>				
Intergovernmental revenues - taxes from District 2				474
Intergovernmental revenues - taxes from District 3				3,293
Investment income				116,429
Total general revenues				<u>120,196</u>
Change in net position				(762,143)
Net position, beginning of year				<u>(1,564,900)</u>
Net position, end of year				<u>\$ (2,327,043)</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 330,641	\$ -	\$ -	\$ 330,641
Cash and investments - restricted	-	1,914,394	1,777,153	3,691,547
Intergovernmental pledges receivable from District No. 2	-	812	-	812
Intergovernmental pledges receivable from District No. 3	-	8,395	-	8,395
Total assets	\$ 330,641	\$ 1,923,601	\$ 1,777,153	\$ 4,031,395
<u>LIABILITIES</u>				
Accounts payable	\$ 685,162	\$ -	\$ 53,659	\$ 738,821
Total liabilities	685,162	-	53,659	738,821
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property taxes from District No. 2	-	5,102	-	5,102
Deferred property taxes from District No. 3	-	338	-	338
Total deferred inflows of resources	-	5,440	-	5,440
<u>FUND BALANCES</u>				
Restricted for:				
Capital projects	-		1,723,494	1,723,494
Debt service	-	1,918,161	-	1,918,161
Emergency reserve	1,200	-	-	1,200
Unassigned:				
Unrestricted	(355,721)	-	-	(355,721)
Total fund balances	(354,521)	1,918,161	1,723,494	3,287,134
Total liabilities, deferred inflows of resources, and fund balances	\$ 330,641	\$ 1,923,601	\$ 1,777,153	
Amounts reported in 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 in the funds:				
Construction in progress				10,689,750
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Retainage payable				(57,795)
Accrued interest on bonds payable				(468,247)
Bonds payable				(15,777,885)
Net position of governmental activities				\$ (2,327,043)

The accompanying notes and independent auditor's report should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Intergovernmental revenues - taxes from District 2	\$ -	\$ 474	\$ -	\$ 474
Intergovernmental revenues - taxes from District 3	-	3,293	-	3,293
Investment income	-	4,747	111,682	116,429
Total revenues	-	8,514	111,682	120,196
EXPENDITURES				
Current:				
Bank charges	5,354	-	-	5,354
Dues and subscriptions	4,431	-	-	4,431
Insurance	3,216	-	-	3,216
Legal services	1,625	-	-	1,625
Management fees	22,109	-	-	22,109
Debt service:				
Bond interest payments	-	591,750	-	591,750
Paying agent fees	-	3,000	-	3,000
Capital projects:				
Bond issuance costs	-	-	865	865
Capital outlay	-	-	7,287,317	7,287,317
Construction management fees	-	-	240,141	240,141
Total expenditures	36,735	594,750	7,528,323	8,159,808
Excess of revenues over expenditures	(36,735)	(586,236)	(7,416,641)	(8,039,612)
OTHER FINANCING SOURCES AND USES				
Transfer between funds	(316,529)	33,465	283,064	-
Total other financing sources and uses	(316,529)	33,465	283,064	-
Net change in fund balances	(353,264)	(552,771)	(7,133,577)	(8,039,612)
Fund balances, beginning of year	(1,257)	2,470,932	8,857,071	11,326,746
Fund balances, end of year	\$ (354,521)	\$ 1,918,161	\$ 1,723,494	\$ 3,287,134

The accompanying notes and independent auditor's report should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

Net change in fund balances \$ (8,039,612)

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

<u>Capital outlay</u>	7,345,112
<u>Construction management fees</u>	240,141
<u>Retainage payable</u>	(57,795)

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

<u>Change in accrued interest on bonds payable</u>	(279,254)
<u>Amortization of bond premium</u>	29,265

Change in net position \$ (762,143)

The accompanying notes and independent auditor's report
should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET
AND ACTUAL)
DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance
<u>EXPENDITURES</u>				
Bank charges	-	\$ 5,354	\$ 5,354	\$ -
Dues and subscriptions	-	4,431	4,431	-
Insurance	-	3,216	3,216	-
Legal services	-	1,625	1,625	-
Management fees	-	22,109	22,109	-
Total expenditures	-	36,735	36,735	-
Excess of revenues over expenditures	-	(36,735)	(36,735)	-
<u>OTHER FINANCING SOURCES AND USES</u>				
Transfer between funds	-	(316,529)	(316,529)	-
Total other financing sources and uses	-	(316,529)	(316,529)	-
Net change in fund balance	\$ -	\$ (353,264)	(353,264)	\$ -
Fund balance, beginning of year			(1,257)	
Fund balance, end of year			\$ (354,521)	

The accompanying notes and independent auditor's report
should be read with these financial statements.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. DEFINITION OF REPORTING ENTITY

Mayberry, Colorado Springs Community Authority ("Authority"), a political subdivision and public corporation of the state of Colorado, was formed in March 2021, and was duly created and exists as a separate legal entity under the Constitution and laws of the state, including Title 29, Article 1, Part 2 of the Colorado Revised Statutes. The Authority was organized for the purposes of incurring financial obligations and providing services on behalf of members of the Authority.

The Authority entered into an establishment agreement with the Mayberry, Colorado Springs Metropolitan District Nos. 1 - 8 (collectively, the "Districts"). The agreement named the Districts the initial members of the Authority.

The Authority 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The Authority has no employees and all operational and administrative functions are contracted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Authority. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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 when 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 Authority 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 Authority. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The Authority reports the following major governmental funds:

The *general fund* accounts for all financial resources of the Authority except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the Authority that are required to be used for repayment of debt.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with state budget law, the Authority 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, fund balance remaining, and other financing uses level, and lapses at year end. The Authority'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 Authority amended its annual budget for the year ended December 31, 2022.

Pooled cash and investments

The Authority follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

Property taxes

Property taxes are levied by Mayberry, Colorado Springs Metropolitan District No. 2 ("District No. 2") and Mayberry, Colorado Springs Metropolitan District No. 3 ("District No. 3") (collectively, the "Pledge Districts"). The levies are normally set by December 15 and attach as enforceable liens 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, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the Pledge Districts monthly.

Intergovernmental pledge revenues, net of estimated uncollectable amounts, are recorded initially as deferred intergovernmental pledge revenues in the year they are levied and measurable. The deferred intergovernmental pledge revenues are recorded as revenues in the year they are available or collected.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the Authority's net position.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances and transactions

The Authority reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

Net position

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

Fund balances

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the Authority's policy to use the most restrictive classification first.

Deficit

The general fund reported a deficit in the fund financial statements as of December 31, 2022.

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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	\$ 330,641
Cash and investments - restricted	<u>3,691,547</u>
	<u>\$ 4,022,188</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2022, are as follows:

Deposits with financial institutions	\$ 330,641
Investments	<u>3,691,547</u>
	<u>\$ 4,022,188</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

As of December 31, 2022, the Authority's cash deposits had a bank balance of \$855,693 and a carrying balance of \$330,641.

Investments

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

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

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

As of December 31, 2022, the Authority had the following in investments:

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 3,691,547</u>

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "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 offers three portfolios: COLOTRUST, PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund in which each share is equal in value to \$1, offer daily liquidity. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US 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 transactional share price. COLOTRUST EDGE may invest in US Treasury securities, repurchase agreement collateralized by US Treasury securities, certain obligations of US 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 investment at fair value and the Authority records its investment in COLOTRUST at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, is as follows:

	Balance 01-01-22	Additions	Dispositions	Reclassifications	Balance 12-31-22
Capital assets, not depreciable:					
Construction in progress	\$ 3,104,497	\$ 7,585,253	\$ -	\$ -	\$ 10,689,750
Capital assets, not depreciable	<u>\$ 3,104,497</u>	<u>\$ 7,585,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,689,750</u>

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2022:

	Balance 01-01-22	Additions	Repayments / Amortization	Balance 12-31-22	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2021A Bonds	\$ 11,835,000	\$ -	\$ -	\$ 11,835,000	\$ -
Unamortized portion of premium	621,150	-	29,265	591,885	-
Series 2021B(3) Bond	3,351,000	-	-	3,351,000	-
Total long-term obligations	<u>\$ 15,807,150</u>	<u>\$ -</u>	<u>\$ 29,265</u>	<u>\$ 15,777,885</u>	<u>\$ -</u>

Series 2021 Special Revenue Bonds

On June 23, 2021, the Authority issued Series 2021A and Series 2021B(3) special revenue bonds (collectively, "Series 2021 Bonds") for the purpose of financing or reimbursing certain public improvements related to development.

A portion of the Series 2021A Senior Bonds ("Series 2021A Bonds") will also be used to fund: (i) an initial deposit in the surplus fund; (ii) a portion of the interest to accrue on the bonds; and (iii) the costs of issuing the bonds. The Series 2021A Bonds were issued in the amounts as follows: (a) \$4,750,000, plus an original issue premium of \$633,994, maturing on December 1, 2041; and (b) \$7,085,000 maturing on April 15, 2051. The Series 2021A Bonds bear interest at 5.00% per annum; payable to the extent of pledged revenues available on June 1 and December 1 of each year.

The Series 2021B(3) Subordinate Bonds ("Series 2021B(3) Bonds") were issued in the amount of \$3,351,000; bearing interest at 8.00% per annum; payable to the extent of pledged revenues available on each December 15; and maturing on April 15, 2051.

Pledged revenues

The Series 2021A Bonds are secured by a first lien on the pledged revenue consisting of monies derived by the Pledge Districts from the following sources, net of any collection costs: (i) property tax revenues; (ii) all specific ownership tax revenues; (iii) any other legally available monies which the Pledge Districts determine to transfer to the trustee for credit to the bond fund under the senior indenture. The tax revenues consist generally consist of monies derived from the Pledge Districts' required mill levies. Required mill levies mean an ad valorem mill levy imposed upon all taxable property within the Pledge Districts each year in an amount sufficient to pay the principal, premium, and interest on the bonds as they become due. The mill levy is adjusted for changes in the ratio of actual to assessed value of property within the Pledge Districts.

Optional redemption

The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2026 to May 31, 2027	3.00%
June 1, 2027 to May 31, 2028	2.00%
June 1, 2028 to May 31, 2029	1.00%
June 1, 2029 and thereafter	0.00%

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The District's long-term obligations on the Series 2021A Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 591,750	\$ 591,750
2024	-	591,750	591,750
2025	-	591,750	591,750
2026	90,000	591,750	681,750
2027	165,000	587,250	752,250
2028 - 2032	1,095,000	2,795,000	3,890,000
2033 - 2037	1,620,000	2,471,000	4,091,000
2038 - 2042	2,310,000	2,000,750	4,310,750
2043 - 2047	3,180,000	1,340,750	4,520,750
2048 - 2052	3,375,000	406,401	3,781,401
Total	<u>\$ 11,835,000</u>	<u>\$ 11,968,151</u>	<u>\$ 23,803,151</u>

The Series 2021B(3) Bonds are subordinate to the Series 2021A Bonds and are structured as cash flow bonds, meaning that no regularly scheduled payments of principal are due prior to the maturity date of April 15, 2051. Accordingly, a maturity schedule is not provided for these amounts. In the event that any amount of principal or interest on the subordinate bonds remain unpaid after the application of all subordinate pledged revenue available on December 15, 2061, the subordinate bonds shall be deemed to be discharged and paid in full.

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the bond indentures:

- i. Failure to deposit with the trustee all pledged revenue as required by the indenture.
- ii. Default in the performance or observance of any of the covenants, agreements, or conditions on the part of the Authority in the indentures or the bond resolutions, and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to the Authority by the owners of 25% in aggregate principal amount of the bonds then outstanding.
- iii. The Authority files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal or interest on the bonds when due does not, in itself, constitute an event of default under the indentures.

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled to as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the Authority; but notwithstanding the appointment of any receiver or other custodian, the trustee is to be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indentures to, the trustee.
- ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

iii. Mandamus or other suit: The owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an event of default.

6. NET POSITION

The Authority has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted net position as of December 31, 2022 as follows:

Restricted net position:

Capital projects (Note 4)	\$ 1,723,494
Debt service (Note 5)	1,918,161
Emergency reserve (Note 10)	<u>1,200</u>
	<u>\$ 3,642,855</u>

The Authority's unrestricted net position as of December 31, 2022, totaled a deficit of \$5,969,898.

7. CAPITAL PLEDGE AGREEMENT

To provide for the payment of the Series 2021 Bonds, the Pledge Districts each entered into separate capital pledge agreements with the Authority and the trustee dated as of the date of issuance of the bonds on June 23, 2021. The Pledge Districts agree to remit to the trustee, or as otherwise directed by the Authority, as soon as practicable upon receipt, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the Pledge Districts. In accordance with the capital pledge agreements, only taxable property within the Pledge Districts will generate the pledged revenue (as described in Note 5).

8. RELATED PARTIES

The developer of the property within the Authority is Colorado Springs Mayberry, Inc. The members of the board of directors are officers, employees, or associated with the developer and may have conflicts of interest in dealing with the Authority.

9. RISK MANAGEMENT

The Authority 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 Authority 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 Authority 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.

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

10. 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 within the state of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

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.

Authority management believes the Authority 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 likely require judicial interpretation.

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGET AND ACTUAL)
DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental revenues - taxes from District 2	\$ -	\$ 474	\$ 474	\$ -
Intergovernmental revenues - taxes from District 3	323	3,293	3,293	-
Investment income	1,500	4,747	4,747	-
Total revenues	1,823	8,514	8,514	-
EXPENDITURES				
Dues and subscriptions	1,000	-	-	-
Bond interest payments	591,750	591,750	591,750	-
Paying agent fees	4,000	3,000	3,000	-
Total expenditures	596,750	594,750	594,750	-
Excess of revenues over expenditures	(594,927)	(586,236)	(586,236)	-
OTHER FINANCING SOURCES AND USES				
Transfer between fund	(5,352,495)	33,465	33,465	-
Total other financing sources and uses	(5,352,495)	33,465	33,465	-
Net change in fund balance	\$ (5,947,422)	\$ (552,771)	(552,771)	\$ -
Fund balance, beginning of year			2,470,932	
Fund balance, end of year			\$ 1,918,161	

See independent auditor's report.

MAYBERRY, COLORADO SPRINGS COMMUNITY AUTHORITY
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL)
DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>				
Investment income	\$ -	\$ 111,682	\$ 111,682	\$ -
Total revenues	-	111,682	111,682	-
<u>EXPENDITURES</u>				
Bond issuance costs	-	865	865	-
Capital outlay	5,352,495	7,287,317	7,287,317	-
Construction management fees	-	240,141	240,141	-
Total expenditures	5,352,495	7,528,323	7,528,323	-
Excess of revenues over expenditures	(5,352,495)	(7,416,641)	(7,416,641)	-
<u>OTHER FINANCING SOURCES AND USES</u>				
Transfer between fund	5,352,495	283,064	283,064	-
Total other financing sources and uses	5,352,495	283,064	283,064	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (7,133,577)</u>	(7,133,577)	<u>\$ -</u>
Fund balance, beginning of year			8,857,071	
Fund balance, end of year			<u>\$ 1,723,494</u>	

See independent auditor's report.