

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
Adams and Weld Counties, Colorado

FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
South Beebe Draw Metropolitan District  
Adams and Weld Counties, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Beebe Draw Metropolitan District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Beebe Draw Metropolitan District, as of December 31, 2023, and the respective changes in financial position 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that governmental 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, and historical context. Our opinion on the basic financial statements is 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 budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are 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. The 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 budgetary comparison schedules are 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 included in the annual report. The other information comprises the schedule of debt service requirements to maturity and schedule of assessed valuation, mill levy, and property taxes collected but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of 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.

*The Adams Group, LLC*

Greenwood Village, Colorado  
May 16, 2024

## BASIC FINANCIAL STATEMENTS

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Governmental Activities
<u>Assets</u>	
Cash and investments - unrestricted	\$ 15,114,158
Cash and investments - restricted	5,394,917
Accounts receivable, net	344,297
Property taxes receivable	11,034,523
Due from county treasurer	7,226
Due from other governments	293,697
Prepaid items	7,616
Capital assets, not being depreciated	5,175,131
Capital assets, net of depreciation	9,839,582
Total Assets	47,211,147
 <u>Liabilities</u>	
Accounts payable	132,312
Other liabilities	27,966
Accrued interest	201,055
Noncurrent liabilities:	
Due within one year	1,860,642
Due in more than one year	12,127,272
Total Liabilities	14,349,247
 <u>Deferred Inflows of Resources</u>	
Unavailable property taxes	11,034,523
Total Deferred Outflows of Resources	11,034,523
 <u>Net Position</u>	
Net investment in capital assets	10,092,271
Restricted	
Emergencies	457,000
Capital projects	5,157,717
Debt service	2,809,162
Unrestricted	3,311,227
Total Net Position	\$ 21,827,377

The accompanying notes are an integral part of the financial statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 25,044,258	\$ 2,949,247	\$ 7,891,862	\$ -	\$ (14,203,149)
Interest and expenses on long-term debt	449,569	-	-	-	(449,569)
Total Governmental Activities	\$ 25,493,827	\$ 2,949,247	\$ 7,891,862	\$ -	(14,652,718)
GENERAL REVENUES:					
Property taxes					2,366,103
Specific ownership taxes					100,794
Sales and use taxes					1,664,786
Investment earnings					254,316
Other revenue					70,640
Total General Revenues					4,456,639
Change in net position					(10,196,079)
Net Position, Beginning					32,023,456
Net Position, Ending					\$ 21,827,377

The accompanying notes are an integral part of the financial statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
GOVERNMENTAL FUNDS – BALANCE SHEET  
DECEMBER 31, 2023

	General Fund	Storm Drainage Special Revenue Fund	2018 Revenue Note Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>					
Cash and investments - unrestricted	\$ 3,801,028	\$ 3,460,867	\$ 2,487,786	\$ 5,364,477	\$ 15,114,158
Cash and investments - restricted	-	-	237,200	5,157,717	5,394,917
Accounts receivables, net	-	344,297	-	-	344,297
Property taxes receivable	11,034,523	-	-	-	11,034,523
Receivable with county treasurer	7,226	-	-	-	7,226
Due from other governments	-	-	293,697	-	293,697
Prepaid items	7,616	-	-	-	7,616
Total Assets	<u>\$ 14,850,393</u>	<u>\$ 3,805,164</u>	<u>\$ 3,018,683</u>	<u>\$ 10,522,194</u>	<u>\$ 32,196,434</u>
<u>Liabilities, deferred inflows of resources</u> <u>and fund balance</u>					
Liabilities:					
Accounts payable	\$ 40,312	\$ 85,092	\$ -	\$ 6,908	\$ 132,312
Other liabilities	7,500	12,000	8,466	-	27,966
Total Liabilities	<u>47,812</u>	<u>97,092</u>	<u>8,466</u>	<u>6,908</u>	<u>160,278</u>
<u>Deferred inflows of resources</u>					
Unavailable property taxes	11,034,523	-	-	-	11,034,523
Unavailable storm drainage fees	-	242,105	-	-	242,105
Total Deferred Inflows of Resources	<u>11,034,523</u>	<u>242,105</u>	<u>-</u>	<u>-</u>	<u>11,276,628</u>
Fund balance:					
Nonspendable					
Prepaid items	7,616	-	-	-	7,616
Restricted					
Emergencies	457,000	-	-	-	457,000
Debt service	-	-	3,010,217	-	3,010,217
Capital projects	-	-	-	5,157,717	5,157,717
Committed					
Capital projects	-	-	-	5,357,569	5,357,569
Storm drainage	-	3,465,967	-	-	3,465,967
Assigned					
Subsequent year budget	2,193,751	-	-	-	2,193,751
Unassigned	1,109,691	-	-	-	1,109,691
Total Fund Balances	<u>3,768,058</u>	<u>3,465,967</u>	<u>3,010,217</u>	<u>10,515,286</u>	<u>20,759,528</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 14,850,393</u>	<u>\$ 3,805,164</u>	<u>\$ 3,018,683</u>	<u>\$ 10,522,194</u>	<u>\$ 32,196,434</u>

The accompanying notes are an integral part of the financial statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023

Total fund balance, governmental fund	\$ 20,759,528
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 in the governmental funds.	15,014,713
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Bonds payable	(13,987,914)
Accrued interest on bonds	(201,055)
Revenues not collected within the period of availability are not reported as revenues in governmental funds, however, are revenues in the statement of activities	
Deferred storm drainage operating fees	242,105
Total net position of governmental activities	<u>\$ 21,827,377</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH BEEBE DRAW METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General Fund	Storm Drainage Special Revenue Fund	2018 Revenue Note Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b><u>Revenues</u></b>					
Taxes:					
Property taxes	\$ 2,366,103	\$ -	\$ -	\$ -	\$ 2,366,103
Specific ownership taxes	100,794	-	-	-	100,794
Sales and use taxes	-	-	1,664,786	-	1,664,786
Charges for services	-	1,552,448	1,269,899	65,673	2,888,020
Intergovernmental revenue	1,000,000	-	-	6,891,862	7,891,862
Investment earnings	27,135	21,594	67,771	137,816	254,316
Other revenue	34,326	-	-	36,314	70,640
Total revenues	<u>3,528,358</u>	<u>1,574,042</u>	<u>3,002,456</u>	<u>7,131,665</u>	<u>15,236,521</u>
<b><u>Expenditures</u></b>					
Current:					
Accounting	196,389	238,303	-	-	434,692
Audit	12,750	-	-	-	12,750
Consulting	91,661	-	-	-	91,661
County treasury fees	35,492	-	-	-	35,492
Director's fees	5,490	-	-	-	5,490
District management	231,169	-	-	57,041	288,210
Dues and subscriptions	1,238	-	-	-	1,238
Engineering	36,061	134,508	-	537	171,106
Intergovernmental expenditures	10,405,989	-	10,000,000	2,700,000	23,105,989
Insurance and bonds	5,254	-	1,500	-	6,754
Legal	67,863	-	7,000	-	74,863
Repairs and maintenance	9,316	116,775	-	-	126,091
Settlement costs	103,428	-	48,028	-	151,456
Storm drainage costs	-	74,272	-	-	74,272
Surveys and locates	3,660	3,960	-	-	7,620
Utilities	262	-	-	-	262
Other expenditures	3,007	4,418	112,827	30	120,282
Capital outlay	-	-	-	1,348,212	1,348,212
Debt service:					
Principal	-	-	1,579,524	-	1,579,524
Interest and fiscal charges	-	-	331,353	-	331,353
Total expenditures	<u>11,209,029</u>	<u>572,236</u>	<u>12,080,232</u>	<u>4,105,820</u>	<u>27,967,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,680,671)	1,001,806	(9,077,776)	3,025,845	(12,730,796)
<b><u>Other Financing Sources (Uses)</u></b>					
Note proceeds	9,005,990	-	-	-	9,005,990
Transfers in	1,500,000	-	-	4,000,000	5,500,000
Transfers out	-	-	(5,500,000)	-	(5,500,000)
Total other financing sources (uses)	<u>10,505,990</u>	<u>-</u>	<u>(5,500,000)</u>	<u>4,000,000</u>	<u>9,005,990</u>
Net change in fund balances	2,825,319	1,001,806	(14,577,776)	7,025,845	(3,724,806)
Fund balances - beginning	942,739	2,464,161	17,587,993	3,489,441	24,484,334
Fund balances - ending	<u>\$ 3,768,058</u>	<u>\$ 3,465,967</u>	<u>\$ 3,010,217</u>	<u>\$ 10,515,286</u>	<u>\$ 20,759,528</u>

The accompanying notes are an integral part of the financial statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

Net changes in fund balance - total governmental funds: \$ (3,724,806)

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

Capital outlays to purchase or construct capital assets are reported in governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay	1,348,212
Depreciation expense	(336,030)

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

Note proceeds	(9,005,990)
Principal payments	1,579,524

Some revenues reported in governmental funds are not collected within 60 days from the end of the fiscal year and are not considered available in governmental funds:

Change in storm drainage fees	61,227
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Some expenses in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental fund.

Change in accrued interest	(118,216)
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Changes in net position of governmental activities	\$ (10,196,079)
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SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

South Beebe Draw Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on April 23, 1985 and is governed pursuant to provisions of the Colorado Special District Act. The District was organized in Adams County, Colorado, and its boundaries extend into Weld County. The District is one of six contiguous districts - the District, Bromley Park Metropolitan District Nos. 2, 3, 5 and 6 and Brighton Crossing Metropolitan District No. 4 (the Districts, BPMD Nos. 2, 3, 5 or 6 and BC). As of December 31, 2023, all the Districts, with the exception of BPMD No. 2 and BC, have substantially the same membership of their respective boards of directors. The District, BPMD Nos. 2 and 3 and BC are participants in the Annexation Agreement, as amended (Annexation Agreement), between the City of Brighton (City) and the then current developer of the majority of the property within the Districts, BPK Holdings, LLC (BPK). BPMD Nos. 5 and 6 were formed in 2000, and both BPMD Nos. 5 and 6, with the exception of a few parcels, are mostly located in the City. BPMD Nos. 5 and 6 are participating in the Annexation Agreement, as amended.

Pursuant to the Intergovernmental Agreement Regarding Sales and Use Taxes (Sales and Use Tax IGA) entered into on August 4, 1995, between BPK, the District, BPMD Nos. 2 and 3 and BC, the District was designated by BPK to receive and administer all sales and use taxes remitted under the Annexation Agreement, as amended, by the City and to apply the receipts to the common benefit of BPMD No. 2 and 3 and BC, and later, under separate agreements, to the benefit of BPMD Nos. 5 and 6 and Adams East Metropolitan District (Adams East) as revenue pledged for debt service on bonds which funded improvements within those districts and benefitted all Districts.

On March 21, 2000, and amended on July 21, 2004, the District, BPMD Nos. 2 and 3 and BC entered into an Inter-district Regional Facilities Intergovernmental Agreement, which expanded the responsibilities of the District to include coordination of construction, operation, and maintenance of regional facilities with ownership retained by the District. Funding for the regional facilities are from certain fees collected by BPMD Nos. 2 and 3 and BC and transferred to the District (see Note 9).

The District was established principally to provide water, sanitary sewer, and storm drainage services, and to provide for the construction, installation, financing, operation and maintenance of streets, park and recreation, mosquito control, transportation and television relay systems and improvements, in addition to the water, sanitary sewer and storm drainage improvements to areas within and outside the boundaries of the District.

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

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

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

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

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. For the most part, the effect of inter-fund 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 District. The difference between assets plus deferred outflows of resources and 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 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.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds, notes and developer advances are recorded as a reduction in liabilities.

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 government 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, specific ownership taxes sales and use taxes and storm drainage maintenance fees. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The *Storm Drainage Special Revenue Fund* is used to account for revenues earned and expenditures incurred in connection with storm drainage operations.

The *2018 Revenue Note Debt Service Fund* accounts for the resources accumulated and payments made for principal, interest and related expenses of the Refunding and Improvement Revenue Note - Series 2018.

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

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Budgets

In accordance with the Local Government Budget Law of Colorado, 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 level, which includes other financing uses, 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.

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Pooled Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single 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 and investments.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the 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.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position  
(continued)

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

Capital Assets

Capital assets, which include equipment and infrastructure assets (e.g. wells, storm drainage and similar items), are reported as a governmental activity in the government-wide financial statements. Such assets are recorded at acquisition value or estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. It is the District's policy to capitalize those assets with a cost or value of \$5,000 or more and a useful life greater than one year. 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 that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Land, easements, and water rights are not depreciated. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Storm drainage	40 years
Water wells	50 years
Equipment	10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position  
(continued)

The District has two items that qualify for reporting in this category. Accordingly, unavailable property tax revenue and unavailable storm drainage revenue are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

*Nonspendable fund balance* – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact. See Note 6 for additional information.

*Restricted fund balance* – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation. See Note 6 for additional information.

*Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. See Note 6 for additional information.

*Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates authority. See Note 6 for additional information.

*Unassigned fund balance* – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position  
(continued)

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report up to three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. See Note 7 for additional information.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. See Note 7 for additional information.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District. See Note 7 for additional information.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Fees

The District imposes certain system development, impact, and storm drainage fees on property within the Districts. The fees are required to be paid prior to the issuance of a building permit by the City, the Town, Adams County or Weld County. The District records the revenue when the fees are paid.

Current Year GASB Pronouncement

For the year ended December 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements, (SBITAs)* which provides guidance on the accounting and financial reporting of SBITAs for governments. The implementation of the new standard had no impact on the District's net position for the year ended December 31, 2023.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying statement of net position as follows:

Cash and investments - unrestricted	\$ 15,114,158
Cash and investments - restricted	<u>5,394,917</u>
Total cash and investments	<u><u>\$ 20,509,075</u></u>

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

Deposits with financial institutions	\$ 13,635,757
Investments	<u>6,873,318</u>
Total cash and investments	<u><u>\$ 20,509,075</u></u>

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank and carrying balance of \$13,635,757.

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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Amount</u>
Colorado Local Government		
Liquid Asset Trust	Weighted average under 60 days	\$ 5,098,235
Colotrust Plus	Weighted average under 60 days	1,775,083
		<u>\$ 6,873,318</u>

Local Government Investment Pools

The District invested \$1,775,083 in the Colorado Local Government Liquid Asset Trust (Colotrust or the Trust) and \$5,098,235 in CSAFE at December 31, 2023. Colotrust and CSAFE are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing Colotrust and CSAFE.

Colotrust offers shares in three portfolios, Colotrust PRIME, Colotrust PLUS+, and Colotrust EDGE. Colotrust PRIME invests only in U.S. Treasury and government agencies and each share is equal in value to \$1.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pools (continued)

Colotrust PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper and each share is equal in value to \$1. Colotrust EDGE can invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rate commercial paper and is managed to approximate a \$10 transactional share price. A designated custodial bank services as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

CSAFE Cash pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. The pool maintains a stable \$1 per share. A designated custodial bank provides safekeeping and depository services. CSAFE Cash is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balances December, 31 2022	Additions	Deletions	Balances December, 31 2023
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Easements	\$ 4,387,864	\$ -	\$ -	\$ 4,387,864
Water rights	307,267	480,000	-	787,267
Construction in progress	2,845,773	-	2,845,773	-
Total capital assets, not being depreciated	<u>7,540,904</u>	<u>480,000</u>	<u>2,845,773</u>	<u>5,175,131</u>
Capital Assets, being depreciated				
Storm drainage	9,456,270	3,713,985	-	13,170,255
Water wells	1,230,217	-	-	1,230,217
Equipment	33,188	-	-	33,188
Total capital assets, being depreciated	<u>10,719,675</u>	<u>3,713,985</u>	<u>-</u>	<u>14,433,660</u>
Accumulated depreciation				
Storm drainage	(3,622,096)	(311,422)	-	(3,933,518)
Water wells	(602,764)	(24,608)	-	(627,372)
Equipment	(33,188)	-	-	(33,188)
Total accumulated depreciation	<u>(4,258,048)</u>	<u>(336,030)</u>	<u>-</u>	<u>(4,594,078)</u>
Total capital assets, being depreciated, net	<u>6,461,627</u>	<u>3,377,955</u>	<u>-</u>	<u>9,839,582</u>
Total capital assets, net	<u>\$ 14,002,531</u>	<u>\$ 3,857,955</u>	<u>\$ 2,845,773</u>	<u>\$ 15,014,713</u>

Depreciation expense is charged to the general government function in the statement of activities.

The District has conveyed water, sewer, and street infrastructure to the City for maintenance and ownership. The District will own and maintain its water wells, as well as the regional storm drainage infrastructure.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balances			Balances	
	December 31, 2022	Additions	Deletions	December 31, 2023	Due In One Year
Direct Borrowing:					
Refunding and Improvement Revenue Note, Series 2018	\$ 6,561,448	\$ -	\$ (1,579,524)	\$ 4,981,924	\$ 1,619,407
Special Obligation Bonds, Series 2023	-	7,000,000	-	7,000,000	241,235
Taxable Revenue Refunding Improvement Note, Series 2023	-	2,005,990	-	2,005,990	-
Total	<u>\$ 6,561,448</u>	<u>\$ 9,005,990</u>	<u>\$ (1,579,524)</u>	<u>\$ 13,987,914</u>	<u>\$ 1,860,642</u>

The detail of the District’s long-term obligations is as follows:

Refunding and Improvement Revenue Note, Series 2018

On October 1, 2018, the District authorized the issuance of its Refunding and Improvement Revenue Note, Series 2018 (Series 2018 Note) in the amount of \$12,500,000. The Series 2018 Note was issued for the purpose of (i) payment of the 2004 Series Bonds, Series 2010 Note Certificates, and advance and reimbursement obligations, (ii) financing the costs of design, construction, and funding of certain public improvements within and without the boundaries of the District and (iii) payment of costs in connection with the issuance of the Series 2018 Note.

The Series 2018 Note is secured by and payable solely from pledged revenues, which include sales and use taxes received pursuant to the Annexation Agreement, storm drainage facility fees (net of amounts due under the obligation to Weld County Drainage, LLC as discussed in Note 9) and sewer line connections fees, all net of amounts needed for operation and maintenance expenses. Additional revenues may be designated by the District to be pledged revenues if needed to maintain a coverage ratio of at least 1.25 to 1.0 at the end of each fiscal year.

The Series 2018 Note bears interest, payable semi-annually on April 1 and October 1, of 5.05%. Principal payments on the Series 2018 Note are due annually on October 1 and the Series 2018 Note matures on October 1, 2026.

Significant events of default under the Series 2018 Note include (i) failure to pay principal and interest when due, (ii) failure to apply required pledged revenues, (iii) failure to meet financial or custodial agreement covenants, (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the Series 2018 Note agreement, (v) qualified audit opinion with respect to the District’s status as an

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Refunding and Improvement Revenue Note, Series 2018 (continued)

on-going concern and (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the Series 2018 Note balance shall bear interest at the default rate of the sum of the fixed rate plus 4.0%.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2018 Note:

Year ended December 31,	Principal	Interest	Total
2024	\$ 1,619,407	\$ 251,588	\$ 1,870,995
2025	1,660,297	169,808	1,830,105
2026	1,702,220	85,962	1,788,182
Total	<u>\$ 4,981,924</u>	<u>\$ 507,358</u>	<u>\$ 5,489,282</u>

Special Obligation Bonds, Series 2023

On February 7, 2023, the District authorized the issuance of its Special Obligation Bonds, Series 2023 (Series 2023 Bonds) in the amount of \$7,000,000. The Series 2023 Bonds were issued for the purpose of paying a Settlement Agreement and for the benefit of the District.

The Series 2023 Bonds are payable solely from pledged revenue to be collected by Altamira Metropolitan District No. 5 in the form of 25 percent ad valorem property taxes and transferred to the District to pay the principal and interest on the Series 2023 Bonds. The Series 2023 Bonds constitute a special obligation of the District payable only from the pledged revenue.

The Series 2023 Bonds bears interest, payable annually on October 15<sup>th</sup>, at a rate of 3.75%. Payments of principal are payable annually on October 15<sup>th</sup> in each year, commencing on October 15, 2024 through October 15, 2043, the maturity date. Any amounts unpaid as of the maturity date are discharged.

Significant events of default under the Series 2023 Bonds include (i) the District fails to deposit pledged revenue in the bond funds as required and under the Settlement Agreement or failure to make any payment due on the Series 2023 bonds on the applicable payment date; (ii) the District defaults in the performance of any obligation or fails to perform any of its duties under the bond resolution, the Series 2023 Bonds,

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Special Obligation Bonds, Series 2023 (continued)

or any other financing document, and such default continues for sixty (60) days after written notice specifying such default; (iii) any representation or warranty of the District herein, in the Series 2023 Bonds or in any other document executed and delivered by the District in connection with the issuance of the Series 2023 Bonds or the Settlement Agreement proves to be false or misleading in any material respect; or (iv) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Series 2023 bonds.

The Series 2023 Special Obligation Bonds are cash flow bonds. The principal and interest payments in any fiscal year are dependent upon future property taxes generated from oil and gas production, which cannot be predicted with certainty. As a result, debt service requirements to maturity have not been included.

Taxable Revenue Refunding and Improvement Note, Series 2023

On September 28, 2023, the District entered into a Taxable Revenue Refunding and Improvement Note, Series 2023 (Series 2023 Note) with Red Tierra Equities, LLC, a Colorado limited liability company for an amount not to exceed \$5,000,000. Under the Series 2023 Note, the District submits advance reimbursement requests to Red Tierra Equities, LLC. The Series 2023 Note was issued for the purpose of: (1) current refunding the 2023 United Water and Sanitation District (United Water) Note and other United debt; (2) assisting United Water in funding its general operations, maintenance, administration, and capital expenditures; and (3) assisting United Water in financing the acquisition of water, infrastructure, facilities, public improvements, and property in connection with integrated projects.

The Series 2023 Note is payable from money derived by the District from the required mill levy and any other legally available money which the District determines, in its absolute discretion (pledged revenues). Payments are first applied to accrued interest on each advance, then principal. Interest accrues on each advance on the day such advance is made to the District at a rate of 7.80%. The payment of the Series 2023 Note is subject to the availability of the pledged revenue. As of the last day of the month during the term of the loan, the variable interest rate for the next month is determined. Such variable monthly interest is equal to the lesser of: (1) the secured overnight financing rate published at [www.sofrate.com](http://www.sofrate.com), or a successor index, if replaced (“SOFR”) plus 250 basis points; or (2) the municipal market data “AAA” general obligation, 30-year constant maturity or successor index, if replaced (“MMD Rate”), plus 400 basis points. Accrued interest on each advance shall compound monthly based upon the variable rate so determined.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Taxable Revenue Refunding and Improvement Note, Series 2023 (continued)

The Series 2023 Note is secured by a lien on the pledge revenue and the Series 2023 Note constitutes an irrevocable and first lien upon the pledged revenue. The pledged revenue is assigned, pledged, and set aside to the payment of the Series 2023 Note and the interest thereon.

As of December 31, 2023, the District has received advance reimbursements under the Series 2023 Note in the amount of \$2,005,990.

Advance and Reimbursement Agreements

Developer Advances – The Theodore R. Shipman Living Trust and RAL Holdings, LLC

The District entered into an advance and reimbursement agreement with The Bromley Companies, LLC, on August 25, 1994. The agreement stipulated that the District shall reimburse The Bromley Companies, LLC, for any advances made to the District for construction, maintenance, and operating costs. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. This agreement was amended and restated on June 1, 2016 pursuant to the Amended and Restated Agreement by and between the District and The Bromley Companies, LLC, which (1) restated the terms of the original agreement concerning advances to the District and reimbursement of those advances and (2) provided that the interest rate applied to all outstanding advances, current and future is 7% per annum.

The Amended and Restated Agreement was assigned by The Bromley Companies, LLC to The Theodore R. Shipman Living Trust (50%) and RAL Holdings, LLC (50%) pursuant to the Assignment Re Advance and Reimbursement entered into on June 8, 2016. There were no advances under this agreement or amounts owed as of and during the year ended December 31, 2023.

Developer Advances – RAL Holdings, LLC

The District entered into an advance and reimbursement agreement with Equity Exchange, LLC, on September 26, 2006. The agreement stipulated that the District shall reimburse Equity Exchange, LLC, for any advances made to the District for construction, maintenance, and operating costs, together with interest at the rate of 7% per annum.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreements (continued)

The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District.

The agreement was assigned by Equity Exchange, LLC to RAL Holdings, LLC pursuant to the Assignment Re Advance and Reimbursement Agreement entered into on June 8, 2016. There were no advances under this agreement or amounts owed as of and during the year ended December 31, 2023.

Authorized Debt

On November 2, 2021 (which included re-authorization of certain amounts authorized November 4, 2014 plus additional authorizations), a majority of the eligible electors of the District authorized the issuance of indebtedness in an amount not to exceed \$750,000,000, at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had authorized and unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	<b>Total Authorized</b>	<b>Remaining at December 31, 2023</b>
Streets	\$ 25,000,000	\$ 25,000,000
Water supply improvements	150,000,000	150,000,000
Sewer and drainage	20,000,000	20,000,000
Safety protection	5,000,000	5,000,000
Intergovernmental agreement	100,000,000	93,000,000
Transportation	50,000,000	50,000,000
Operations and maintenance	25,000,000	25,000,000
Refunding financial obligations	375,000,000	372,994,010
Total	\$ 750,000,000	\$ 740,994,010

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 6 – FUND BALANCE

For the year ended December 31, 2023, the District reported the following classifications of fund balance.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$7,616 is a result of payments made in 2023 for 2024 services and is recorded as a prepaid item as of December 31, 2023.

Restricted Fund Balances

The restricted fund balance in the General Fund in the amount of \$457,000 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

The restricted fund balance in the 2018 Revenue Note Debt Service Fund in the amount of \$3,010,217 is to be used exclusively for debt service requirements.

The restricted fund balance in the Capital Projects Fund in the amount of \$5,157,717 is to be used exclusively for acquisition and construction of infrastructure and public improvements.

Committed Fund Balances

The committed fund balance in the Storm Drainage Special Revenue Fund of \$3,465,967 is committed by the Board for storm drainage operations.

The committed fund balance in the Capital Projects Fund in the amount of \$5,357,569 is committed by the Board for future capital projects.

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$2,193,751 is a result of the District budgeting for a deficit in the approved fiscal year 2024 budget.

NOTE 7 – NET POSITION

The District's net position consists of three components – net investment in capital assets, restricted, and unrestricted.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 7 – NET POSITION (CONTINUED)

The net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2023, the District had net investment in capital assets in the amount of \$10,092,271 calculated as follows:

	Governmental Activities
<i>Net investment in capital assets:</i>	
Capital assets, net	\$ 15,014,713
Capital related debt, net of unspent proceeds	(4,922,442)
Net investment in capital assets:	\$ 10,092,271

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2023 of \$8,423,879.

NOTE 8 – RELATED PARTIES

The members of the board of directors of the District, BPMD Nos. 3, 5 and 6, Adams East, and United Water and Sanitation District are employees of, owners of, or associated with BPK and/or The Bromley Companies, L.L.C., and/or Bromley Park Industrial Land Company, LLC, and/or Equity Exchange, LLC, and/or RAL Holdings, and /or WCD Corporation, and/or Weld County Drainage, LLC, and/or The Theodore R. Shipman Living Trust, and/or 70 Ranch, LLC, and/or 70 Ranch Holdings, LLC, and/or Red Tierra Equities, LLC (collectively referred to herein as the Affiliates) and may have conflicts of interest in dealing with the District. Specific details of transactions with the Affiliates regarding organization, advances and debt are described elsewhere in these footnotes.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS

The agreements summarized below relate to one or more of the Districts and are not all-inclusive.

City of Brighton

Pursuant to (1) the Annexation Agreement, as amended by the first, second, third and fourth amendments, among BPK, the City, the District, BPMD Nos. 2 and 3 and BC, (2) Agreement 2 among BPK, the City, Adams County, the District and BC, and (3) the Interdistrict IGA, as amended, among the District, BPMD Nos. 2 and 3 and BC (see Note 1), the parties have the following mutual responsibilities:

In general, the Districts and BPK or assignees are to install improvements and transfer the installed facilities, except for certain specified improvements, to the City for ownership, maintenance, and operation.

*Streets* - Bromley Lane was improved by funding from the City, BPK, and the Districts. The City is to reimburse BPK for certain sections over a five-year period or require landowners to pay their pro rata share plus interest to the Districts when annexed to the City. The Districts are to pay for their certain sections when development dictates. In 2001, BC transferred the responsibility to plant and maintain the medians to BPMD No. 5.

Streets are to be developed and installed, but if completed by BPK or the Districts, the City will reimburse the Districts for a portion of the costs incurred. The Districts agree to perform street reconstruction and asphalt overlays on all streets as requested from the City as long as the sales and use taxes are remitted by the City. Other streets are to be constructed by the Districts and transferred to the City for perpetual maintenance.

*Water* - On May 28, 1996, a third amendment to the Annexation Agreement was completed which stipulated that the City would provide water service to the Bromley Park Property to full development as determined under the Phase Master Plans under certain conditions. Of the City's water plant investment fee, \$300 is paid to or retained by the District. In consideration of the developer designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a non-potable water system, the City will provide water taps for certain public areas at no charge.

*Sewer* - The City is to provide sewage collection and treatment capacity to the full development of the Bromley Park Property. Pursuant to the fourth amendment to the Annexation Agreement, dated October 24, 1997, the City has fulfilled its obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by execution of the Beebe Draw Wastewater Service Agreement with the Town.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

City of Brighton (continued)

The City remains obligated to provide transmission and treatment service to the property draining in the South Platte Basin. The District or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission lines and facilities as stipulated in the Sanitary Sewer Master Plan.

*Storm Drainage* – Pursuant to the Annexation Agreement, as amended, the City agrees to provide all offsite storm drainage improvements for the Bromley Park Property. The third amendment to the Annexation Agreement provides that the District may undertake to provide storm drainage to property within the District, District Nos. 2 and 3 and BC, as well as adjoining properties.

In such event, the District would pay for offsite improvements and the City shall forego collecting drainage fees and reimbursement. The Districts and/or BPK are to construct all onsite storm drainage improvements.

*Sales and Use Tax* – Pursuant to the Annexation Agreement, as amended, the City agrees to remit annually one third (1/3) of the sales and use taxes (excluding the .75% recreation sales and use tax) generated and collected within the Bromley Park Property (as defined in the second amendment to Annexation Agreement) to the District. The City's obligation to remit the sales and use taxes continues until the earlier of the retirement date of all of the Districts' outstanding debt related to the funding of facilities and services within the Districts' service area or 40 years from the date of the agreement. The Annexation Agreement was republished on November 4, 1997 by way of a fourth amendment to such agreement. The sales and use tax IGA and the Inter-district IGA, as amended, allow for the sharing of this revenue among the District, BPMD Nos. 2 and 3, and BC. Pursuant to the sales and use tax IGA, the use of funds is determined by the Board of Directors of the District (see Note 1).

Amended and Restated Storm Drainage Management Agreement

On March 19, 1997, the District, the Beebe Draw Drainage Company, LLC (later converted to the Beebe Draw Drainage Partnership) and the Farmers Reservoir and Irrigation Company (FRICO) entered into the Storm Drainage Management Agreement, as amended on March 7, 2000, wherein the District acquired the right to discharge storm water from defined property within the District, BPMD Nos. 2 and 3, BC and the Beebe Draw Drainage area into the storm drainage and maintenance facilities owned and operated by Beebe Draw Drainage Company, LLC. The District agreed to collect and pay certain fees to FRICO to defray the cost of drainage improvements required to serve the Property, as described in the Storm Drainage Management Agreement.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Amended and Restated Storm Drainage Management Agreement (continued)

On April 13, 2004, the District entered into a Global Settlement Agreement whereby the Storm Drainage Management Agreement of March 19, 1997, was replaced and superseded by an Amended and Restated Storm Drainage Management Agreement (Amended and Restated Agreement) entered into by Weld County Drainage, LLC, FRICO and the District. Under this Amended and Restated Agreement, generally 80% of the District's storm drainage development fee is pledged to the payment of debt related to the Series 2004 Bonds. The Series 2004 Bonds were refunded in 2018 through the issuance of new debt (see Note 5). Therefore, 80% of the storm drainage development fee continues to be allocable to the portion of new debt related to the payment of the Series 2004 bonds.

During 2023, the amount of the storm drainage development fee pledged towards the payment of debt was \$664 per lot and \$12,901 per acre. The storm drainage development fee is adjusted annually for increases in the Consumer Price Index.

The remaining 20% of the storm drainage development fee includes \$166 per lot and \$3,225 per acre which is payable to Weld County Drainage, LLC for the payment of a storm drainage easement fee.

In addition, the District purchased from the Beebe Draw Drainage Company for \$4,000,000, the rights to a perpetual, nonexclusive easement to discharge storm water into the Beebe Seep Canal as contemplated by the Master Drainage Plan.

Infrastructure and System Development Fees

The District can impose certain infrastructure and system development fees on property within the District. Pursuant to a Development Agreement between the District, BPMD No. 2 and the City dated April 17, 1998, and a Joint Resolution of the District, BPMD Nos. 2 and 3 and BC dated March 7, 2000, the City agreed to collect an infrastructure fee of not less than \$1,000 and a system development fee of not less than \$1,250 upon issuance of a building permit for each single-family home. The Districts agree to use the system development fees for public improvements such as the construction of parks, street crossings and traffic improvements. For the year ended December 31, 2023, the infrastructure fee was \$2,337 per unit for single family attached, single family detached, and low-density multi-family units, and the system development fee was \$2,683 per single family attached, single family detached, low density multi-family and high-density multi-family units.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Northeast Regional Infrastructure Project Agreement

In 2002 the State of Colorado approved the Northeast Regional Infrastructure Plan-Beebe Draw to be included in the Adams County Enterprise Zone Development Plan, of which certain projects of the District are included. Pursuant to the Northeast Regional Infrastructure Project Agreement between the District and Adams County Economic Development, Inc. (ACED), the District may receive contributions from developers in lieu of developer fees. The contributions may be claimed as tax credits by the contributing developers.

Cost Sharing Intergovernmental Agreement

Effective January 1, 2020, the District and BPMD No. 5 entered into a Cost Sharing Intergovernmental Agreement (CSIA) to designate funds and allocate responsibilities for the financing and construction of public improvements for certain projects to provide efficiencies of scale and cost by collaborating and sharing costs for those certain projects which benefits both districts.

Under the CSIA, the District and BPMD No. 5 will append a project statement of work as an exhibit to the CSIA. The exhibit shall be mutually agreed-upon by both districts and duly approved and executed as of the date of such agreement.

The CSIA terminates on December 31, 2020 but will automatically renew for an additional one-year term unless notice of intent to terminate the CSIA is provided by either district no later than October 1 of the succeeding year.

During the year ended December 31, 2019, the District and BPMD No. 5 entered into one such project for approximately \$1.8 million for a mixed use (commercial and residential) development with approximately 14% of the costs of the project allocated to the District, approximately 84% of the costs of the project allocated to BPMD No. 5 and approximately 2% allocated to WCD Corporation. During 2023, there were no additional costs incurred by the District.

Agreement Regarding Funding of Regional Storm Drainage Infrastructure

Effective December 24, 2019, the District and BPMD No. 6 entered into an Intergovernmental Agreement Regarding Funding of Regional Storm Drainage Infrastructure Agreement (Storm Drainage IGA) to set forth the terms upon which BPMD No. 6 will remit funds to the District for the purpose of helping the District recover the costs of completed and future regional storm drainage infrastructure and facilities that benefits BPMD No. 6.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Agreement Regarding Funding of Regional Storm Drainage Infrastructure (continued)

Under the Storm Drainage IGA, BPMD No. 6 agreed to remit to the District, on an annual basis, 30% of its net revenue defined as BPMD No. 6 monies available after payment of: (a) all bonds and debt obligations now in existence or hereafter created; (b) all contractual obligations that are not Infrastructure Reimbursement Agreements entered into by BPMD No. 6 pursuant to an advance and reimbursement agreement entered into in 2017 with certain developers/owners; (c) all operations and maintenance costs of BPMD No. 6 and (d) all monies not appropriated or pledged for other purposes by BPMD No. 6. The Storm Drainage IGA shall remain in effect until terminated by mutual agreement of the District and BPMD No. 6. During 2023, BPMD No. 6 remitted \$1,891,862 to the District pursuant to this agreement.

Sunflower Improvement Project

On June 27, 2023, the District and Bromley Park Metropolitan District No. 3 (BPMD3) entered into an agreement (Sunflower Improvement Project) for the designed and construction of public improvements. The public improvements are to be designed and constructed by the District for the benefit of BPMD3 and it is anticipated that the District, BPMD3, or the City of Brighton will acquire such improvements upon their completion. The agreement shall remain in effect until the early of the date on which: (i) the project fund is exhausted; (ii) the improvements are complete and fully funded from the project fund, and any remaining amounts in the project fund have been returned to BPMD3 from the District; or (iii) the Districts mutually agree to terminate the agreement. During 2023, BPMD3 remitted \$5,000,000 to the District pursuant to the agreement.

Platte River Water Development Authority

On April 22, 2010, Sand Hills Metropolitan District (Sand Hills), now dissolved, and United Water & Sanitation District (United) entered into a contract to form the Platte River Water Development Authority (PRWDA), a water resource authority, for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services.

On April 27, 2011, the members approved an amended contract for the purpose of adding the District as a party to the amended contract.

Contributions to PRWDA, United and the District will be agreed upon from time to time by all parties based on funding needs. During the year ended December 31, 2023, the District paid \$600,000 to PRWDA.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Weld Adams Water Development Authority

On September 6, 2017, the District and United entered into a contract to form the Weld Adams Water Development Authority (WAWDA), a water resource authority, for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services.

Under the establishing contract for WAWDA, the District and United agreed to transfer certain assets to WAWDA in acknowledgement for certain assets, contracts and budgeted projects assigned to WAWDA from PRWDA. Future contributions to WAWDA by the District and United will be agreed upon from time to time by all parties based on funding needs.

Under the agreement, WAWDA could require other users of the 70 Ranch Reservoir to contribute to the construction costs and could reimburse each district according to their pro rata contributions to the construction costs. During the year ended December 31, 2023, the District paid \$13,500,000 to WAWDA.

Intergovernmental Agreement Regarding Property Taxes

During the year ended December 31, 2023, the District issued Special Obligation Bonds, Series 2023 in the aggregate amount of \$7,000,000 (see Note 5) pursuant to a settlement agreement with Verdad Resources (see Note 13). On January 23, 2023, the District and Altamira Metropolitan District No. 5 (ALT5) entered into an agreement whereby ALT5 will remit to the District a portion of property revenue collected by ALT5 from Verdad for purposes of paying the bonds. For the year ended December 31, 2023, ALT 5 collected no property tax from Verdad and remitted no funds to the District, and the District made no payments on the bonds.

United Water and Sanitation District

As outlined in Note 5, during the year ended December 31, 2023, the District entered into a Taxable Revenue Refunding Improvement Note, Series 2023 for the purpose of: (1) current refunding the 2023 United Water and Sanitation District (United Water) Note and other United debt; (2) assisting United Water in funding its general operations, maintenance, administration, and capital expenditures; and (3) assisting United Water in financing the acquisition of water, infrastructure, facilities, public improvements, and property in connection with integrated projects. As of December 31, 2023, the District has remitted \$2,005,990 for purposes outlined.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 10 – INTERFUND TRANSFERS

During the year ended December 31, 2023, the 2018 Revenue Note Debt Service Fund made transfers to the General Fund in the amount of \$1,500,000 to cover operations and maintenance costs as provided for in the Series 2018 Refunding and Improvement Revenue Note agreement. The 2028 Revenue Note Debt Service Fund made transfers to the Capital Projects Fund for purposes of capital projects and payments related to intergovernmental agreements as outlined in Note 9.

NOTE 11 – 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.

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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 12 – 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, except Enterprises. On August 21, 2007, the board of directors of the District established the South Beebe Draw Water Activity Enterprise.

The Enterprise shall consist of the business represented by all of the District's water facilities and properties for the Project, now owned or hereafter acquired. The Enterprise is not authorized and shall not receive 10% or more of its annual revenue in grants from all Colorado state and local governments combined. The Enterprise shall have no taxing power or authority of any kind.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 12 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The Enterprise will execute such documents, incur such obligations, give such notices, and make such certifications and filings as may be necessary to maintain its status as a water activity enterprise within the meaning of Section 37.45.1-102, C.R.S. During the year ended December 31, 2023, the Enterprise had no activity.

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 District's eligible electors approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

In November 1994, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$500,000 annually up to 40 mills and other revenue up to \$14,725,000 annually without regard to any limitations imposed by TABOR.

In November 2014, the District's eligible electors authorized the District to increase taxes \$25,000,000 annually or by a lesser annual amount as necessary to pay the District's operations, maintenance, and other expenses, without limitation of mill levy and without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, C.R.S. The eligible electors also authorized the District to collect, retain and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

In November 2021, the District's eligible electors authorized the District to increase taxes \$25,000,000 annually or by a lesser annual amount as necessary to pay the District's operations, maintenance, and other expenses, without limitation of mill levy and without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, C.R.S.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 12 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The eligible electors also authorized the District to collect, retain and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

NOTE 13 – LITIGATION

Settlement Agreement

During the year ended December 31, 2023, the District along with Altamira Metropolitan District No. 5 (ALT5), Verdad Resources (Verdad), Monte Peak Minerals, LLC, and other entities entered into a settlement agreement related to certain property inclusion into ALT5. The District agreed to rebate 25 percent of the property taxes paid by Verdad and timely notice to ALT5 on an annual basis through a maturity date of October 15, 2024. The rebate is limited to property taxes paid on oil and gas wells located on land owned by Verdad and Monte Peak Minerals with ALT5. The contractual obligation was evidenced by a \$7,000,000 cash flow bond payable and a \$7,000,000 settlement agreement expenditure.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the District entered into several agreements. The agreements with significant financial impact are summarized as follows:

Effective January 1, 2024, the District and United Water and Sanitation District (United), together with other Districts and water development authorities, are part of a sophisticated, complex system of local governments that cooperate from time to time on coordinated projects to maximize water resources and storm drainage infrastructure in the most efficient and economical manner. Based upon the integrated nature of the public improvements and projects, the Districts agreed that it is most efficient and cost effective to collaborate in providing the functions, services and facilities related to such public improvements. United will provide the project management, design, construction, administration, operations and management of the public improvements and projects, including the establishment of reserves for future costs or for planned capital expenditures and for the payment of debt and other obligations. The District will provide the financing and remit certain portions of its property tax revenue to United. This intergovernmental agreement is a multiple year fiscal obligation, and it is anticipated that up to approximately \$8,000,000 of intergovernmental agreement authorized debt could be used in 2024 to support this agreement. The District will report in future years the annual and cumulative intergovernmental agreement authorized debt used.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 14 – SUBSEQUENT EVENTS (CONTINUED)

As part of a memorandum of Understanding and Settlement Agreement entered into with a Developer on April 23, 2024 the District agreed to reimburse 50% of the costs associated with certain storm drainage improvements up to \$500,000.

On April 29, 2024 two oil and gas companies (“Plaintiffs”) filed a complaint and jury demand with the Adams County District Court challenging the constitutionality of a provision in Colorado’s Special District Act, specifically 32-1-401(1)(a), C.R.S., which addresses how real property can be included into the boundaries of a special district and alleging that the District failed to comply with the Special District Act. At the same time, the Plaintiffs filed a motion for a temporary restraining order and preliminary injunction which, among other things, requested that the District be prohibited from spending, transferring, or otherwise disposing of tax revenues attributable to payments from the Plaintiffs for the tax year 2023. The District Court granted an Order on May 3, 2024 requiring the District to, among other things, place the 2023 property taxes, paid in 2024 by the Plaintiffs, in an interest-bearing escrow account administrated by a third-party agent, pending future orders from the Court. The amount of 2023 property taxes received by the District in 2024 from Weld County amount to approximately \$6,600,000. This dispute is in the early stages of the litigation process. The hearing on the preliminary injunction is scheduled for July 31 and August 1, 2024. The District intends to vigorously defend itself in this matter.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 2,370,104	\$ 2,370,104	\$ 2,366,103	\$ (4,001)
Specific ownership taxes	143,389	143,389	100,794	(42,595)
Intergovernmental revenue	-	-	1,000,000	1,000,000
Investment earnings	4,000	4,000	27,135	23,135
Other revenue	25,000	25,000	34,326	9,326
Total revenues	<u>2,542,493</u>	<u>2,542,493</u>	<u>3,528,358</u>	<u>985,865</u>
<u>Expenditures</u>				
Current:				
Accounting	220,000	240,000	196,389	43,611
Audit	20,000	12,750	12,750	-
Consulting	35,000	100,000	91,661	8,339
County treasury fees	35,847	40,000	35,492	4,508
Director's fees	7,500	7,500	5,490	2,010
District management	300,000	300,000	231,169	68,831
Dues and subscriptions	15,000	15,000	1,238	13,762
Engineering	75,000	75,000	36,061	38,939
Fees and licenses	10,000	10,000	-	10,000
Insurance and bonds	10,000	10,000	5,254	4,746
Intergovernmental expenditures	-	10,605,990	10,405,989	200,001
Legal	200,000	200,000	67,863	132,137
Repairs and maintenance	-	100,000	9,316	90,684
Settlement expenditure	1,150,000	103,427	103,428	(1)
Surveys and locates	-	10,000	3,660	6,340
Utilities	15,000	15,000	262	14,738
Other expenditures	16,500	16,500	3,007	13,493
Capital outlay	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>3,109,847</u>	<u>12,861,167</u>	<u>11,209,029</u>	<u>1,652,138</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(567,354)	(10,318,674)	(7,680,671)	2,638,003
<u>Other Financing Sources (uses)</u>				
Note proceeds	-	-	9,005,990	9,005,990
Transfers in	-	-	1,500,000	1,500,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,505,990</u>	<u>10,505,990</u>
Net changes in fund balances	<u>\$ (567,354)</u>	<u>\$ (10,318,674)</u>	2,825,319	<u>\$ 13,143,993</u>
Fund balances - beginning			942,739	
Fund balances - ending			<u>\$ 3,768,058</u>	

See accompanying Independent Auditors' Report.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – STORM  
DRAINAGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<u>Revenues</u>			
Storm drainage fees	\$ 750,000	\$ 1,552,448	\$ 802,448
Investment earnings	-	21,594	21,594
Total revenues	<u>750,000</u>	<u>1,574,042</u>	<u>824,042</u>
<u>Expenditures</u>			
Current:			
Accounting	75,000	238,303	(163,303)
Engineering	50,000	134,508	(84,508)
IGA - FRICO	70,000	-	70,000
Permits	5,000	-	5,000
Repairs and maintenance	250,000	116,775	133,225
Storm drainage costs	150,000	74,272	75,728
Support services	175,000	-	175,000
Surveys and locates	50,000	3,960	46,040
Utilities	50,000	-	50,000
Other expenditures	25,000	4,418	20,582
Total expenditures	<u>900,000</u>	<u>572,236</u>	<u>327,764</u>
Net changes in fund balances	<u>\$ (150,000)</u>	1,001,806	<u>\$ 1,151,806</u>
Fund balances - beginning		<u>2,464,161</u>	
Fund balances - ending		<u>\$ 3,465,967</u>	

See accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – 2018 REVENUE NOTE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<u>Revenues</u>				
Taxes:				
Sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,664,786	\$ 164,786
Facility fees	3,500,000	3,500,000	231,052	(3,268,948)
Sewer line connection fee	300,000	300,000	326,064	26,064
Storm drainage fees	600,000	600,000	712,783	112,783
Investment earnings	10,000	10,000	67,771	57,771
Total revenues	<u>5,910,000</u>	<u>5,910,000</u>	<u>3,002,456</u>	<u>(2,907,544)</u>
<u>Expenditures</u>				
Current:				
Insurance and bonds	-	-	1,500	(1,500)
Intergovernmental expenditures	-	10,000,000	10,000,000	-
Legal	-	7,000	7,000	-
Other	-	75,000	112,827	(37,827)
Storm drainage easement fee	50,000	50,000	48,028	1,972
Contingency	60,000	852,122	-	852,122
Debt service:				
Principal	1,579,524	1,579,524	1,579,524	-
Interest and fiscal charges	336,354	336,354	331,353	5,001
Total expenditures	<u>2,025,878</u>	<u>12,900,000</u>	<u>12,080,232</u>	<u>819,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,884,122	(6,990,000)	(9,077,776)	(2,087,776)
<u>Other Financing Sources (Uses)</u>				
Transfers out	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,500,000)</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,500,000)</u>	<u>(500,000)</u>
Net changes in fund balances	<u>\$ (1,115,878)</u>	<u>\$(11,990,000)</u>	(14,577,776)	<u>\$ (2,587,776)</u>
Fund balance - beginning			<u>17,587,993</u>	
Fund balance - ending			<u>\$ 3,010,217</u>	

See accompanying Independent Auditors' Report.

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Water fees	\$ 60,000	\$ 31,800	\$ (28,200)
Infrastructure and system development fees	200,000	8,560	(191,440)
Intergovernmental revenue	-	6,891,862	6,891,862
Facilities fees	10,000	-	(10,000)
Plan review and admin fees	10,000	25,313	15,313
Investment earnings	-	137,816	137,816
Other revenue	-	36,314	36,314
Total revenues	<u>280,000</u>	<u>7,131,665</u>	<u>6,851,665</u>
<u>Expenditures</u>			
Current:			
District management	-	57,041	(57,041)
Engineering	-	537	(537)
IGA - PRWDA	650,000	200,000	450,000
IGA - WAWDA	200,000	2,500,000	(2,300,000)
IGA - FRICO	70,000	-	70,000
Support services	50,000	-	50,000
Other expenditures	2,500	30	2,470
Capital outlay	<u>13,178,393</u>	<u>1,348,212</u>	<u>11,830,181</u>
Total expenditures	<u>14,150,893</u>	<u>4,105,820</u>	<u>10,045,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,870,893)	3,025,845	16,896,738
<u>Other Financing Sources (Uses)</u>			
Transfers in	<u>5,000,000</u>	<u>4,000,000</u>	<u>(1,000,000)</u>
Total other financing sources (uses)	<u>5,000,000</u>	<u>4,000,000</u>	<u>(1,000,000)</u>
Net changes in fund balances	<u>\$ (8,870,893)</u>	7,025,845	<u>\$ 15,896,738</u>
Fund balances - beginning		<u>3,489,441</u>	
Fund balances - ending		<u>\$ 10,515,286</u>	

See accompanying Independent Auditors' Report.

## OTHER INFORMATION

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2023

**\$12,500,000**

**Refunding and Improvement Revenue Note, Series 2018**

**Dated October 1, 2018**

**Interest Rate of 5.05%**

**Payable on April 1 and October 1**

**Principal due October 1**

Year ended December 31,	Principal	Interest	Total
2024	\$ 1,619,407	\$ 251,588	\$ 1,870,995
2025	1,660,297	169,808	1,830,105
2026	1,702,220	85,962	1,788,182
Total	<u>\$ 4,981,924</u>	<u>\$ 507,358</u>	<u>\$ 5,489,282</u>

**\$7,000,000**

**Special Obligation Bonds, Series 2023**

**Dated February 7, 2023**

**Interest Rate of 3.75% Payable on October 15**

**Principal due October 15**

Year ended December 31,	Principal	Interest	Total
2024	\$ 241,235	\$ 262,500	\$ 503,735
2025	250,281	253,454	503,735
2026	259,667	244,068	503,735
2027	269,404	234,331	503,735
2028	279,507	224,228	503,735
2029 - 2033	1,562,842	955,833	2,518,675
2034 - 2038	1,878,692	639,983	2,518,675
2039 - 2043	2,258,372	260,303	2,518,675
Total	<u>\$ 7,000,000</u>	<u>\$ 3,074,700</u>	<u>\$ 10,074,700</u>

SOUTH BEEBE DRAW METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2016	\$ 173,241,010	55.000	\$ 9,528,256	\$ 9,528,259	100.00%
2017	143,993,000	55.000	7,919,615	7,919,617	100.00%
2018	141,741,120	55.000	7,795,762	7,795,762	100.00%
2019	128,937,240	55.000	7,091,548	7,091,548	100.00%
2020	145,381,300	55.000	7,995,972	7,995,972	100.00%
2021	32,986,120	55.000	1,814,237	1,814,237	100.00%
2022	28,849,660	55.411	1,598,589	1,598,589	100.00%
2023	36,209,670	65.455	2,370,104	2,366,103	99.83%

Estimated for the year  
ending December 31,  
2024

\$ 168,581,820      \$ 65.455      \$ 11,034,523

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.