

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT

CITY OF FORT LUPTON
WELD COUNTY, COLORADO



FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Lupton Village Residential Metropolitan District

Weld County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Lupton Village Residential 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 District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or 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 as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements 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, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado
September 23, 2024

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ -
Cash and investments – restricted	16,920
Accounts receivable	9,108
Accounts receivable - specific ownership tax	187
Property taxes receivable	291,600
Prepaid expenses	2,076
Land and water rights	186,000
Depreciable capital assets, net	2,663,643
Total Assets	3,169,534
LIABILITIES	
Accounts payable and accrued liabilities	85,821
Prepaid maintenance fees	3,953
Accrued interest payable	1,139,303
Current portion of general obligation refunding bonds	-
General obligation debt	11,250,856
Total Liabilities	12,479,933
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	291,600
Total Deferred Inflows of Resources	291,600
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	5,600
Debt service	(15,097)
Capital projects	-
Non-spendable	2,076
Unassigned:	(9,594,578)
Net Position (Deficit)	\$ (9,601,999)

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

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General government activities	\$ (278,404)	\$ 138,104	\$ 58,734	\$ 8,050	\$ (73,516)
Interest and related costs on long-term debt	(575,320)	-	-	-	(575,320)
Capital project activities	(2,108,529)	-	-	-	(2,108,529)
	<u>\$ (2,962,253)</u>	<u>\$ 138,104</u>	<u>\$ 58,734</u>	<u>\$ 8,050</u>	<u>(2,757,365)</u>
General Revenues					
Property taxes					60,718
Specific ownership taxes					2,609
Net investment income					11,442
Total general revenue					74,769
Change in net position					(2,682,596)
Net Position (Deficit) – Beginning of Year (As Adjusted Per Note 8)					(6,919,403)
Net Position (Deficit) – End of Year					\$ (9,601,999)

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

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Townhome Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and investments - Restricted	1,242	30,919	(15,241)	-	16,920
Accounts receivable	-	9,108	-	-	9,108
Accounts receivable - specific ownership tax	43	-	144	-	187
Property taxes receivable	66,100	-	225,500	-	291,600
Prepaid expenses	2,076	-	-	-	2,076
TOTAL ASSETS	\$ 69,461	\$ 40,027	\$ 210,403	\$ -	\$ 319,891
LIABILITIES					
Accounts payable and accrued liabilities	\$ 33,706	\$ 52,115	\$ -	\$ -	\$ 85,821
Prepaid maintenance fees	-	3,953	-	-	3,953
TOTAL LIABILITIES	33,706	56,068	-	-	89,774
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	66,100	-	225,500	-	291,600
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	99,806	56,068	225,500	-	381,374
FUND BALANCES					
Restricted:					
Emergencies (TABOR)	5,600	-	-	-	5,600
Debt service	-	-	(15,097)	-	(15,097)
Capital projects	-	-	-	-	-
Non-spendable	2,076	-	-	-	2,076
Unrestricted	(38,021)	(16,041)	-	-	(54,062)
TOTAL FUND BALANCES	(30,345)	(16,041)	(15,097)	-	(61,483)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 69,461	\$ 40,027	\$ 210,403	\$ -	
Amounts reported for governmental activities in the statement of net position are different because:					
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds					
Land and water rights					186,000
Property, structures and equipment, net					2,663,643
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:					
General obligation debt					(11,250,856)
Accrued interest payable					(1,139,303)
Net position of governmental activities					\$ (9,601,999)

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

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2023

	General Fund	Townhome Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES					
Property taxes	\$ 14,002	\$ -	\$ 46,716	\$ -	\$ 60,718
Specific ownership taxes	602	-	2,007	-	2,609
Operations and maintenance fee - Townhomes	-	136,529	-	-	136,529
Capital contributions	8,050	-	-	-	8,050
ARC review fees	1,300	-	-	-	1,300
Covenant violation fines	275	-	-	-	275
Land received from Developer	-	-	-	-	-
Lupton Village Comm District contributions	58,734	-	-	-	58,734
Net investment income	109	135	11,198	-	11,442
Total Revenues	83,072	136,664	59,921	-	279,657
EXPENDITURES					
General and administration	50,918	37,982	-	-	88,900
Landscaping maintenance	73,556	64,420	-	-	137,976
Other district expenses	1,225	31,737	-	-	32,962
Trash removal expenses	-	18,566	-	-	18,566
Debt service					
Direct and indirect collection costs	-	-	10,195	-	10,195
Interest Expense - Series 2021 Bonds	-	-	54,536	-	54,536
Principal payments - Series 2021 Bonds	-	-	-	-	-
Principal payments - 2023 Fill-up Note	-	-	-	-	-
Major capital projects	-	-	-	2,022,672	2,022,672
Total Expenditures	125,699	152,705	64,731	2,022,672	2,365,807
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,627)	(16,041)	(4,810)	(2,022,672)	(2,086,150)
OTHER FINANCING SOURCES (USES)					
Fund Transfers In / (Out)	-	-	(2,022,673)	2,022,672	(1)
Proceeds from Series 2023 Fill-up Note	-	-	1,120,856	-	1,120,856
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(42,627)	(16,041)	(906,627)	-	(965,295)
FUND BALANCES – BEGINNING	12,282	-	891,530	-	903,812
FUND BALANCES – END OF YEAR	\$ (30,345)	\$ (16,041)	\$ (15,097)	\$ -	\$ (61,483)

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2023**

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

Net change in fund balances – Total government funds	\$	(965,295)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal repayments		-
Proceeds from issuance of 2023 Fill-up Note		(1,120,856)

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

Acquisition of land		26,000
Depreciation expense on property, structures and equipment		(111,857)

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

(Increase)/Decrease in accrued interest on Series 2021 bonds		(510,589)
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Changes in net position of governmental activities	\$	(2,682,597)
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 14,142	\$ 14,002	\$ (140)
Specific ownership taxes	849	602	(247)
Capital contributions	-	8,050	8,050
ARC review fees	3,650	1,300	(2,350)
Covenant violation fines	-	275	275
Net investment income	-	109	109
Lupton Village Comm District contributions	110,000	58,734	(51,266)
Total Revenues	128,641	83,072	(45,569)
EXPENDITURES			
General and administration	87,671	50,918	36,753
Landscaping maintenance	62,460	73,556	(11,096)
Capital asset maintenance	-	-	-
Other district expenses	5,000	1,225	3,775
Total Expenditures	155,131	125,699	29,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,490)	(42,627)	(16,137)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	(26,490)	(42,627)	(16,137)
FUND BALANCE – BEGINNING OF YEAR	13,218	12,282	(936)
FUND BALANCE – END OF YEAR	\$ (13,272)	\$ (30,345)	\$ (17,073)

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 29,700	\$ 30,355	\$ (655)
Administrative costs	19,609	10,007	9,602
Audit fees	8,000	11,870	(3,870)
Collection fees – County Treasurer	212	213	(1)
Board of directors’ fees	-	-	-
Board training and conferences	-	-	-
Board election services	7,500	11,192	
Insurance	2,650	2,076	574
Legal fees	20,000	20,705	(705)
Indirect Cost Allocation	-	(35,500)	35,500
Contingency	-	-	-
Total General and Administration	\$ 87,671	\$ 50,918	\$ 40,445
LANDSCAPING MAINTENANCE			
Ground maintenance fees	45,000	30,488	14,512
Tree maintenance & replacement	-	-	-
Sprinkler repairs	1,000	-	1,000
Backflow valve maintenance	-	715	
Sprinklers – electricity	960	191	148
Sprinklers - water	15,000	41,652	
Landscaping projects	500	-	500
Detention pond maintenance	-	-	-
Miscellaneous landscape costs	-	510	(510)
Total Landscaping Maintenance	\$ 62,460	\$ 73,556	\$ 15,650
CAPITAL ASSET MAINTENANCE			
Playground maintenance	-	-	-
Property insurance	-	-	-
Community mailbox maintenance	-	-	-
Monument sign maintenance	-	-	-
Total Capital Asset Maintenance	\$ -	\$ -	\$ -
OTHER DISTRICT EXPENSES			
Snow removal	5,000	420	4,580
Vandalism			
Park and recreation events			
Covenant enforcement services	-	805	(805)
Covenant enforcement - administrative costs	-	-	-
Total Other District Expenses	\$ 5,000	\$ 1,225	\$ 3,775

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
TOWNHOME FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Operations and maintenance fee	58,504	136,529	78,025
Net investment income	-	-	-
Other income	-	135	135
Total Revenues	<u>58,504</u>	<u>136,664</u>	<u>78,160</u>
EXPENDITURES			
General and administration	-	37,982	(37,982)
Landscaping maintenance	8,350	64,420	(56,070)
Trash pick-up services	8,500	18,566	10,066
Other district expenses	10,000	31,737	(21,737)
Total Expenditures	<u>26,850</u>	<u>152,705</u>	<u>(105,723)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,654</u>	<u>(16,041)</u>	<u>(47,695)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	<u>31,654</u>	<u>(16,041)</u>	<u>(47,695)</u>
FUND BALANCE – BEGINNING OF YEAR	-	-	-
FUND BALANCE – END OF YEAR	<u>\$ 31,654</u>	<u>\$ (16,041)</u>	<u>\$ (47,695)</u>

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
TOWNHOME FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
Management and accounting fees	\$ -	\$ -	\$ -
Administrative costs	-	2,482	(2,482)
Legal fees	-	-	-
Indirect Cost Allocation	-	35,500	(35,500)
Contingency	-	-	-
Total General and Administration	<u>\$ -</u>	<u>\$ 37,982</u>	<u>\$ (37,982)</u>
LANDSCAPING MAINTENANCE			
Ground maintenance fees	-	45,810	(45,810)
Tree maintenance & replacement	1,000	-	1,000
Sprinkler repairs	1,000	-	1,000
Sprinklers – electricity	-	313	(313)
Sprinklers - water	5,850	18,297	(12,447)
Landscaping projects	500	-	500
Miscellaneous landscape costs	-	-	-
Total Landscaping Maintenance	<u>\$ 8,350</u>	<u>\$ 64,420</u>	<u>\$ (56,070)</u>
OTHER DISTRICT EXPENSES			
Snow removal	10,000	31,737	(21,737)
Vandalism	-	-	-
Parking enforcement services	-	-	-
Parking lot/alleyway maintenance	-	-	-
Total Other District Expenses	<u>\$ 10,000</u>	<u>\$ 31,737</u>	<u>\$ (21,737)</u>

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

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

Lupton Village Residential Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 25, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Fort Lupton (City) in February 2006 and amended with City approval on February 04, 2020. The District's service area is located in Weld County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain various public parks and open spaces within the District (not otherwise owned and maintained by the City), (2) provide covenant enforcement and architectural review services to the Lupton Village covenant-controlled community and (3) maintain certain public infrastructure serving all District inhabitants including monument signage and storm water drainage systems.

The District also provides services specific to the 254 townhome units located within the District and charges services fees to the 254 units to fund the provision of such services. Such public services include (1) weekly trash pick-up services, (2) parking lot and alleyway management services and (3) landscape maintenance and snow removal services around the townhome buildings.

On November 18, 2019, the District changed its name from Cottonwood Greens Metropolitan District No 3 to Lupton Village Residential Metropolitan District.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Townhome Fund accounts for the resources accumulated and payments made to provide maintenance of the landscaping around the townhome units, weekly trash pick-up service and parking enforcement and snow removal services on and around the alleyways and parking spaces servicing the 254 townhome units.

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

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

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

Budgets

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

Actual expenditures in the Townhome Fund, Debt Service Fund and Capital Project Funds exceeded budgeted amounts. This may be a violation of State law.

Pooled Cash and Investments

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

Investments are carried at net asset value.

Property Taxes

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

The Service Plan establishes a Maximum Debt Mill Levy of 55.277 mills that can be assessed on property owners within the District to fund the District's debt repayment costs. The Maximum Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2019. As of January 01, 2019, the ratio was 7.15%. The ratio for 2023 was 6.95% for single family homes and 6.80% for multi-family homes, which caused the Maximum Debt Mill Levy for 2023 to be 57.488.

The Service Plan establishes a Maximum Mill Levy (which includes the Operations and Debt Mill Levies) of 70 mills that can be assessed on property owners within the District. The Maximum Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2019. As of January 01, 2019, the ratio was 7.15%. The ratio for 2023 was 6.95% for single family homes and 6.80% for multi-family homes, which caused the Maximum Mill Levy for 2023 to be 72.800.

Per the Senior Bond Indenture of Trust, the "Required Debt Mill Levy" to fund the District's 2021 Senior Bonds is 50 mills. The Required Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2019. As of January 01, 2019, the ratio was 7.15%. The ratio for 2023 was 6.95% for single family homes and 6.80% for multi-family homes, which caused the Required Debt Mill Levy for 2023 to be 52.000.

For the collection year 2023, the District adopted a mill levy of 15.083 for operations and 50.322 for debt service. The calculation is reflected on page 2 of the budget. The District's 2023 adopted mill levy for general operations generated \$61,300 in property tax revenue—approximately \$938,700 below the \$1 million property tax floor established by the voters.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2023, the District's share of Specific ownership taxes was equal to approximately 4.3% of the property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Townhome Operations & Maintenance Fees

The District levies a quarterly service fee of \$275 (levied in January, April, July, October) on each townhome unit that has been constructed, sold and occupied to fund the cost of providing services that are unique to the townhome units (i.e. services not provided to all property owners within the District). Such public services include (1) weekly trash pick-up services, (2) parking lot and alleyway management services and (3) landscape maintenance and snow removal services around the townhome buildings.

As of December 31, 2023, 154 of the 254 townhome units were sold and occupied by homeowners.

Design Review and Capital Contribution Fees

As of July 01, 2023, the District stopped assessing fees for providing design review services to homeowners within the Lupton Village covenant-controlled community. The District levies an administrative setup fee of \$100 on each home lot at the time ownership of the home lot changes

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2023 are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

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

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

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Equity

Net Position

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

Fund Balance

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

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- **Committed fund balance** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a fund balance that does not meet any of the criteria described above.

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

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$	-
Cash and investments – restricted		16,920
Total cash and investments	\$	16,920

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

Deposits with financial institutions	\$	16,540
Investments		380
Total cash and investments	\$	16,920

Deposits with Financial Institutions

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

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

As of December 31, 2023, the District's cash deposits had a bank and carrying balance of \$16,540.

Investments

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

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

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

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

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

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

- Local government investment pools

As of December 31, 2023, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 380
		\$ 380

CSAFE

The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAmmf by Fitch Ratings.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2023, follows:

	Balance at Dec. 31, 2022	Additions	Retirements	Balance at Dec. 31, 2023	Accumulated Depreciation
Parking Lots	\$ 675,000	\$ -	\$ -	\$ 675,000	(\$ 22,501)
Alleyways	1,235,000	-	-	1,235,000	(49,400)
Playground Equipment	50,000	-	-	50,000	(3,333)
Monument Signs	60,000	-	-	60,000	(6,000)
Backflow Valves	36,000	-	-	36,000	(5,143)
Sidewalks	300,000	-	-	300,000	(7,500)
Benches	25,000	-	-	25,000	(1,667)
Mailbox Stations	149,500	-	-	149,500	(5,980)
Alleyway Lights	40,000	-	-	40,000	(1,333)
Dog Park Fencing	30,000	-	-	30,000	(2,000)
Statue at S Rollie & WCR 12	25,000	-	-	25,000	(1,000)
Storm drain outlet structures	150,000	-	-	150,000	(6,000)
Capital assets, net	\$ 2,775,500	\$ -	\$ -	\$ 2,775,500	(\$ 111,857)

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

The District owns 20 land tracts within the District totaling designated for use as public parks, open spaces and alleyway access to the 254 townhomes totaling approximately 26 acres, which are zoned for residential use. The land is recorded by the District at a nominal value of \$1,000/acre totaling \$26,000. The District also assigns a value of \$160,000 to the water rights and taps for the eight water meters servicing the District's parks and open spaces.

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2023:

	Balance at Dec. 31, 2022	Additions	Retirements	Balance at Dec. 31, 2023
Series 2021 Bonds	\$ 10,130,000	\$ -	\$ -	\$ 10,130,000
Accrued Interest – Series 2021 Bonds	628,714	565,124	(54,535)	1,139,303
Series 2023 Fill-up Note	-	1,120,856	-	1,120,856
Total	\$ 10,758,716	\$1,685,980	(\$ 54,537)	\$ 12,390,159

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

Series 2021 Senior Bonds

On September 01, 2021, the District issued \$10,130,000 General Obligation Limited Tax Bonds, Series 2021 ("Senior Bonds"). The proceeds from the sale of the Senior Bonds were used as follows:

- i. \$9,745,106 was allocated to the Project Fund for financing or reimbursing the costs of public improvements related to development within the District;
- ii. \$384,894 was allocated to pay the costs of issuing the Senior Bonds.

The Senior Bond was issued as a term bond that bear interest at 4.625%, and is payable annually on December 1, beginning on December 01, 2021. The Bonds are structured as "cash flow" bonds, meaning there are no scheduled payments of principal thereof prior to the final scheduled maturity date. Instead, principal on the Bonds is payable annually on each December 1 from, and to the extent of, Pledged Revenue on deposit, if any, in the Bond Fund, pursuant to a special mandatory redemption. The Senior Bonds mature on December 1, 2051. In the event any amounts due and owing on the Senior Bonds remain outstanding on December 02, 2061, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees (which includes all fees, rates, tolls, penalties, and charges of a capital nature imposed by the District);
- d) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Bond Indenture does not provide for any reserve fund, surplus fund or any other fund or account from which debt service on the Bonds may be paid, other than the Bond Fund.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on September 01, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
September 01, 2026, to August 31, 2027	3.0%	\$ 303,900
September 01, 2027, to August 31, 2028	2.0%	\$ 202,600
September 01, 2028, to August 31, 2029	1.0%	\$ 101,300
September 01, 2029 and thereafter	0.0%	\$ -

No debt-to-maturity schedule is provided for the Senior Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay the Senior Bonds.

Events of Default – Series 2021 Senior Bonds

The following events are considered events of default under the Series 2021 Senior Bonds indenture of trust: (1) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Series 2023 Subordinate “Fill-up” Note

On March 28, 2023, the District issued to Lupton Village Commercial Metropolitan District (LVCMD) a Special Obligation Capital Funding Subordinate Note (“Subordinate Note”) with a maximum principal balance of \$2,977,637. The Subordinate Note does not accrue any interest. The Subordinate Note is subordinate to the Senior Bonds in every respect. The District shall make no payments on the Subordinate Note in any year unless and until all required payments are made and all other obligations are met in connection with the Senior Bonds. Any and all payments on the Subordinate Note shall be made in accordance with the Senior Bond’s Indenture of Trust and other financing documents.

In the event that the Bonds are refinanced, the District agrees to use good faith best efforts to pay-off the then-outstanding balance of the Subordinate Note.

During the time that the Bonds are outstanding, any District payments on the Subordinate Note shall be subject to annual appropriation by the board of directors of the District. It is expressly understood and agreed between the Parties that the board of directors of the District shall determine annually the amount of the payment to be made on the Subordinate Note based upon a determination that any payment to LVCMD shall not impair the District’s ability to service the debt and reserve fund requirements of the Series 2021 Senior Bonds.

If any portion of the Subordinate Note remains unpaid on the date that the Series 2021 Senior Bonds are fully paid, then the Subordinate Note shall automatically convert to a multiple fiscal year contractual obligation not subject to annual appropriation and an amount equal to the Pledged Revenue for the Series 2021 Senior Bonds shall automatically become Pledged Revenue for purposes of making the principal-only payments on the Subordinate Note until it is paid in full.

Per the 2024 GSR Agreement (see Note 7), the balance on the Series 2023 Subordinate Note was locked at \$1,120,855 and LVCMD was prohibited from taking any additional actions to increase the balance of the Series 2023 Subordinate Note.

Remedies existing in law or in equity are available to the District and LVCMD for any breach of the terms of the Subordinated Note.

Debt Authorization – TABOR

On May 02, 2006, the District’s two electors (all of whom were individuals qualified by the Developer to vote in the election) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$22 million to fund infrastructure improvements, \$150,000 to fund the District’s operations and maintenance costs and \$22 million to refund any outstanding debt.

On November 03, 2020, the District’s five electors (all of whom were individuals qualified by the Developer to vote in the election) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$189.24 million to fund infrastructure improvements, \$18.924 million to fund the District’s operations and maintenance costs and \$18.924 million to refund any outstanding debt.

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

	Authorized May 2006 Election	Authorized Nov. 2020 Election	Authorized Used – 2021 Bonds	Authorization Used – 2023 Fill-up Note	Unused Voter Authorization
Street improvements	\$ 10,363,905	\$ 18,924,000	(\$ 2,228,600)	(\$ 360,856)	\$ 26,698,449
Water	3,784,484	18,924,000	(1,620,800)	(150,000)	20,937,684
Storm water and sanitary sewers	5,322,370	18,924,000	(2,431,200)	-	21,815,170
Park & recreation facilities	2,529,241	18,924,000	(2,532,500)	(610,000)	18,310,741
Transportation facilities	-	18,924,000	-	-	18,924,000
Television relay	-	18,924,000	-	-	18,924,000
Mosquito control	-	18,924,000	-	-	18,924,000
Traffic safety protection	-	18,924,000	(1,316,900)	-	17,607,000
Security facilities & equip	-	18,924,000	-	-	18,924,000
Operations	150,000	18,924,000	-	-	19,074,000
Intergov. agreements	-	18,924,000	-	-	18,194,000
Subtotal	22,150,000	208,164,000	(10,130,000)	(1,120,856)	219,063,144
Refunding of debt	22,000,000	18,924,000	-	-	40,924,000
Total	\$ 44,150,000	\$ 227,088,000	(\$ 10,130,000)	(\$ 1,120,856)	\$ 259,987,144

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

- \$32,899,144 will expire in May 2026 – 20 years after the original debt authorization election; and

- \$227,088,000 will expire in November 2040 - 20 years after the original debt authorization election

Debt Authorization – Service Plan

The District’s 2020 Amended and Restated Service Plan authorizes the District to issue up to \$18,924,000 in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Service Plan establishes a Maximum Debt Mill Levy of 55.277 mills that can be assessed on property owners within the District to fund the District’s debt repayment costs. The Maximum Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2019. As of January 01, 2019, the ratio was 7.15%. The ratio for 2023 was 6.95% for single family homes and 6.80% for multi-family homes, which caused the Maximum Debt Mill Levy for 2023 to be 57.488.

As of December 31, 2023, total remaining debt issuance authorization under the District’s 2020 Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 18,924,000
Less:	
Series 2021 Bonds	(10,130,000)
Series 2023 Fill-up Note	(1,120,856)
Unused Service Plan debt issuance authorization	<u>\$ 7,673,144</u>

NOTE 7 – AGREEMENTS

On May 21, 2021, the District entered into an intergovernmental agreement with LVCMD where either district may request funds from the other district for the purpose of partially subsidizing the requesting district’s operations and maintenance costs. Neither district is obligated to fund a funding request received from the Requesting District. Any payments to the Requesting District is not considered a loan from the paying district, and the Requesting District is not obligated to repay any subsidies received from the other district. This Agreement may be terminated by either party at any time after providing the other district 30 days notice.

Beginning in 2021, LVCMD started levying an operations levy of 55.277 mills on all real property within the district. Although the land within LVCMD is undeveloped, a significant portion of taxable real property within LVCMD is comprised of oil and gas production.

For 2023, subsidies received from LVCMD is estimated to total \$59,500, which is approximately equal to 72% of gross revenue in the General Fund and \$50,500 less than the \$110,000 subsidy per the 2023 board-approved budgets for the District and LVCMD.

On January 04, 2024, the District Board entered into a Global Settlement and Release Agreement (GSR Agreement) with LVCMD, FTL Land Assemblage, LLLP and Lupton Village Land Developers, LLC. The terms of the GSR Agreement include the following:

- a commitment from LVCMD to pay \$250,000 to the District by no later than June 01, 2024; and
- an agreement that the O&M Reimbursement Agreement, the FTL Infrastructure Acquisition Agreement and the FTL-LVLD Infrastructure Acquisition Agreements are all terminated effectively immediately; and

- The balance on the Series 2023 Subordinate Note (defined below) is \$1,120,855 and LVCMD shall be prohibited from taking any additional actions that increase the balance of the Series 2023 Subordinate Note; and
- each party to the GSR Agreement unconditionally releases the other parties to the GSR Agreement from any and all claims and future claims against each party – other than claims related to landscape installation work and related warranties.

NOTE 8 – NET POSITION (DEFICIT)

Correction of Beginning Balances

In 2022 and 2023, the Developer – not the District – constructed public infrastructure within the District and the Developer dedicated a portion of such infrastructure (e.g. streets, water lines, sewer lines, underground storm drains, etc) to the City. The Developer also constructed certain public infrastructure on District-owned land (e.g. parks, open spaces, alleyways, parking lots, storm drain outlet structures, etc) and dedicated such public infrastructure to the District. The District adjusted its December 31, 2022 capital asset balance to eliminate that portion of public infrastructure that was owned by the Developer and dedicated to the City.

The effect of this adjustment is as follows:

Net deficit - December 31, 2022, as originally stated	(\$ 4,500,996)
Elimination of construction-in-progress assets	(2,418,407)
Net deficit - December 31, 2022, as restated	<u>(\$ 6,919,403)</u>

Non-Spendable Net Position

The District’s non-spendable net position as of December 31, 2023 in the general fund, townhome fund, debt service fund and capital project fund totaled \$2,076, \$0, \$0, and \$0, respectively.

Restricted Net Position

The District’s restricted net position as of December 31, 2023 in the general fund, townhome fund, debt service fund and capital projects fund totaled \$5,600, \$0, (\$15,097) and \$0, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2021 Bonds and 2023 Fill-up Note. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2023 totaled (\$9,594,578). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Fort Lupton and the District.

NOTE 9 – RELATED PARTIES

For the period January 01, 2023 through May 02, 2023, all five directors serving on the District’s board reported conflicts of interest regarding their service on the District’s board. For the period May 03, 2023 through November 29, 2023, two of five directors reported conflicts of interest regarding their service on the District’s board. For the period November 30, 2023 through December 31, 2023, one of five directors reported conflicts of interest regarding their service on the District’s board.

On March 28, 2023, when the District entered into an agreement with LVCMD creating the Fill-up Note, four of five directors serving on the District’s board also served as directors on the LVCMD board.

The owner and developer of all land within the District was FTL Land Assemblage, LLLP, a Colorado limited liability company (the “Developer”). The Developer sold all 90 single family home lots to Baessler Residential Colorado, LLC and all 254 townhome units to Baessler Townhomes, LLC.

On September 01, 2021, when the District issued its Series 2021 Bonds totaling \$10.13 million, all directors serving on the Board were either owners of the Developer, spouses of owners of the Developer or employees of Baessler Homes. The net proceeds of the District’s 2021 bonds was remitted to the Developer.

NOTE 10 – RISK MANAGEMENT

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

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

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

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

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.

On November 3, 2020, five individuals qualified to vote by the Developer unanimously voted in approval of authorizing the District to:

- assess property taxes at no more than \$1 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- levy fees on property owners at no more than \$2 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- assess property taxes at no more than \$5 million annually, without limitation to rate, to fund any intergovernmental agreements or contracts between the District and other entities; and
- assess property taxes at no more than \$5 million annually, without limitation to rate, to fund the cost of installing regional improvements; and
- collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SUPPLEMENTARY INFORMATION

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 47,182	\$ 46,716	\$ (466)
Specific ownership taxes	2,831	2,007	(824)
Net investment income	-	11,198	11,198
Total Revenues	<u>50,013</u>	<u>59,921</u>	<u>9,908</u>
EXPENDITURES			
Direct and indirect collection costs	4,708	10,195	(5,487)
Debt service			
Interest Expense - Series 2021 Bonds	44,399	54,536	(10,137)
Principal payment – Series 2021 Bonds	-	-	-
Principal payment – 2023 Fill-up Note	-	-	-
Total Expenditures	<u>49,107</u>	<u>64,731</u>	<u>(15,624)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>906</u>	<u>(4,810)</u>	<u>(5,716)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(888,438)	(2,022,673)	(1,134,235)
Proceeds from Series 2023 Fill-up Note	-	1,120,856	1,120,856
Total Other Financing Sources (Uses)	<u>(888,438)</u>	<u>(901,817)</u>	<u>(13,379)</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(887,532)</u>	<u>(906,627)</u>	<u>(19,095)</u>
FUND BALANCE – BEGINNING	<u>887,532</u>	<u>891,530</u>	<u>3,998</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ (15,097)</u>	<u>\$ (15,097)</u>

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 708	\$ 710	\$ (2)
Indirect Collection Cost Allocation	-	-	-
Bond paying agent fees	4,000	4,000	-
Miscellaneous	-	5,485	(5,485)
Total Direct and Indirect Collection Costs	<u>\$ 4,708</u>	<u>\$ 10,195</u>	<u>\$ (5,487)</u>

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

**LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ -	\$ -	\$ -
Land received from Developer	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	888,438	2,022,672	(1,134,234)
Total Expenditures	<u>888,438</u>	<u>2,022,672</u>	<u>(1,134,234)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(888,438)</u>	<u>(2,022,672)</u>	<u>1,134,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	888,438	2,022,672	(1,134,234)
Total Other Financing Sources (Uses)	<u>888,438</u>	<u>2,022,672</u>	<u>(1,134,234)</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
 MILL LEVY AND PROPERTY TAXES COLLECTED**
 December 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2018	\$ 20	-	-	\$ -	\$ -	N/A
2019	115,030	43.000	-	4,946	4,946	100.0%
2020	162,400	-	-	-	-	N/A
2021	5,510	55.277	-	305	305	100.0%
2022	46,820	15.104	50.349	3,100	3,057	98.6%
2023	937,607	15.083	50.322	61,300	60,718	99.1%
2024	4,226,990	15.646	53.358	291,600	[TBD]	[TBD]

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

OTHER SUPPLEMENTARY INFORMATION

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2023

	2022 Mill Levy **	2023 Mill Levy *	Change
Lupton Village Residential Metropolitan District	65.405	69.004	3.599
Fort Lupton City	37.167	36.359	(0.808)
Weld County	15.038	12.024	(3.014)
AIMS Junior College	6.307	6.336	0.029
School District Re8-Fort Lupton	18.336	17.197	(1.139)
Fort Lupton Fire District	9.318	9.592	0.274
High Plains Library District	3.181	3.196	0.015
Central Colorado Water SubDistrict	1.582	1.300	(0.282)
Central Colorado Water District	1.068	0.891	(0.177)
Northern Colorado Water District	1.000	1.000	-
Total Mill Levy	158.402	156.899	(1.503)

* -- For property tax collections in 2023

** -- For property tax collections in 2024

LUPTON VILLAGE RESIDENTIAL METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2023

	2019	2020	2021	2022	2023
General obligation bonds	\$ -	\$ -	\$ 10,130,000	\$ 10,130,000	\$ 10,130,000
Accrued, unpaid interest - Bonds	-	-	158,100	628,715	1,139,303
Restricted cash	-	-	(4,874,487)	(891,520)	14,258
Combined assessed property values within the District	162,400	5,510	46,820	937,607	4,226,990
Ratio of debt to assessed property values	N/A	N/A	11,562.6%	1,052.4%	266.9%