

**SPRING MESA METROPOLITAN
DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**SPRING MESA METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
Spring Mesa Metropolitan District
Jefferson County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Mesa 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Spring Mesa Metropolitan District as of December 31, 2023, and the respective changes in financial position and the respective 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 (GAAP), 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 GAAS 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 GAAS, 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 Supplemental Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information and Continuing Disclosure Annual Financial Information

The other information and continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP
Wipfli LLP
Denver, Colorado

July 20, 2024

BASIC FINANCIAL STATEMENTS

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 262,689
Cash and Investments - Restricted	237,543
Receivable from County Treasurer	3,194
Prepaid Expense	7,480
Property Taxes Receivable	851,479
Bond Insurance, Net of Amortization	21,202
Capital Assets, Net of Accumulated Depreciation	34,901
Total Assets	1,418,488
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net of Amortization	106,752
Total Deferred Outflows of Resources	106,752
LIABILITIES	
Accounts Payable	35,062
Accrued Interest Payable	20,358
Noncurrent Liabilities:	
Due Within One Year	207,551
Due in More Than One Year	6,109,018
Total Liabilities	6,371,989
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	851,479
Total Deferred Inflows of Resources	851,479
NET POSITION	
Investment in Capital Assets	34,901
Restricted for:	
Emergency Reserves	11,000
Debt Service	59,071
Unrestricted	(5,803,200)
Total Net Position	\$ (5,698,228)

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ -	\$ -	\$ -	\$ (212,979)	
Interest and Related Costs on Long-Term Debt	247,083	-	-	(247,083)	
Total Governmental Activities	\$ 460,062	\$ -	\$ -	(460,062)	
GENERAL REVENUES					
Property Taxes				720,047	
Specific Ownership Taxes				51,529	
Interest Income				34,295	
Other Revenue				-	
Total General Revenues				805,871	
CHANGE IN NET POSITION				345,809	
Net Position - Beginning of Year				(6,044,037)	
NET POSITION - END OF YEAR				\$ (5,698,228)	

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 262,689	\$ -	\$ -	\$ 262,689
Cash and Investments - Restricted	18,400	77,695	141,448	237,543
Receivable from County Treasurer	1,460	1,734	-	3,194
Prepaid Expense	7,480	-	-	7,480
Property Taxes Receivable	459,473	392,006	-	851,479
	<u>\$ 749,502</u>	<u>\$ 471,435</u>	<u>\$ 141,448</u>	<u>\$ 1,362,385</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 35,062	\$ -	\$ -	\$ 35,062
Total Liabilities	35,062	-	-	35,062
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	459,473	392,006	-	851,479
Total Deferred Inflows of Resources	459,473	392,006	-	851,479
FUND BALANCES:				
Nonspendable:				
Prepaid Expense	7,480	-	-	7,480
Restricted:				
Emergency Reserves (TABOR)	11,000	-	-	11,000
Debt Service	-	79,429	-	79,429
Assigned:				
General Fund Reserve	7,400	-	-	7,400
Capital Projects	-	-	141,448	141,448
Unassigned:				
General Government	229,087	-	-	229,087
Total Fund Balances	<u>254,967</u>	<u>79,429</u>	<u>141,448</u>	<u>475,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 749,502</u>	<u>\$ 471,435</u>	<u>\$ 141,448</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Net of Accumulated Depreciation 34,901

Other assets and deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.

Cost of Refunding, Net of Amortization 106,752
Bond Insurance, Net of Amortization 21,202

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable (6,100,000)
Original Issue Premium (216,569)
Accrued Interest Payable - Bonds (20,358)

Net Position of Governmental Activities \$ (5,698,228)

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Interest Income	\$ 15,149	\$ 13,524	\$ 5,622	\$ 34,295
Property Taxes	329,062	390,985	-	720,047
Specific Ownership Taxes	23,549	27,980	-	51,529
Total Revenues	<u>367,760</u>	<u>432,489</u>	<u>5,622</u>	<u>805,871</u>
EXPENDITURES				
General, Administrative and Operating:				
Accounting	20,600	-	-	20,600
Audit	4,700	-	-	4,700
County Treasurer's Fee	4,939	5,867	-	10,806
Dues	557	-	-	557
District Management	36,247	-	-	36,247
Election	1,723	-	-	1,723
Insurance	6,588	-	-	6,588
Irrigation Repair	18,942	-	-	18,942
Landscape Maintenance	33,484	-	-	33,484
Landscape Projects	20,841	-	-	20,841
Legal	14,580	-	-	14,580
Miscellaneous	424	-	-	424
Open Space Maintenance	150	-	-	150
Pond Maintenance	4,888	-	-	4,888
Snow Removal	41	-	-	41
Underdrain Maintenance	1,200	-	-	1,200
Utilities	35,717	-	-	35,717
Capital Expenditures:				
Toe and Interceptor Drains	-	-	15,117	15,117
Debt Service:				
Bond Interest	-	251,700	-	251,700
Bond Principal	-	185,000	-	185,000
Paying Agent Fees	-	3,500	-	3,500
Total Expenditures	<u>205,621</u>	<u>446,067</u>	<u>15,117</u>	<u>666,805</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	162,139	(13,578)	(9,495)	139,066
OTHER FINANCING SOURCES (USES)				
Transfers to (from) Other Funds	(50,000)	-	50,000	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	112,139	(13,578)	40,505	139,066
Fund Balances - Beginning of Year	<u>142,828</u>	<u>93,007</u>	<u>100,943</u>	<u>336,778</u>
FUND BALANCES - END OF YEAR	<u>\$ 254,967</u>	<u>\$ 79,429</u>	<u>\$ 141,448</u>	<u>\$ 475,844</u>

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 139,066

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

Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure. However, the Statement of Activities will report, as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	15,117
Depreciation	(1,491)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Current Year Bond Principal Payment	185,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Bonds - Change in Liability	617
Amortization:	
Bond Premium	18,083
Bond Insurance	(1,720)
Cost of Refunding	(8,863)
	(8,863)

Change in Net Position of Governmental Activities	\$ 345,809
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**SPRING MESA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 2,900	\$ 15,149	\$ 12,249
Property Taxes	329,061	329,062	1
Specific Ownership Taxes	23,034	23,549	515
Total Revenues	<u>354,995</u>	<u>367,760</u>	<u>12,765</u>
EXPENDITURES			
Accounting	20,600	20,600	-
Audit	4,700	4,700	-
Contingency/Emergency Reserve	5,745	-	5,745
County Treasurer's Fee	4,936	4,939	(3)
Dues	700	557	143
District Management	35,500	36,247	(747)
Election	5,000	1,723	3,277
Insurance	6,719	6,588	131
Irrigation Repair	20,000	18,942	1,058
Landscape Maintenance	67,600	33,484	34,116
Landscape Projects	40,000	20,841	19,159
Legal	9,700	14,580	(4,880)
Miscellaneous	500	424	76
Open Space Maintenance	49,500	150	49,350
Pond Maintenance	8,800	4,888	3,912
Snow Removal	15,000	41	14,959
Underdrain Maintenance	5,000	1,200	3,800
Utilities	40,000	35,717	4,283
Total Expenditures	<u>340,000</u>	<u>205,621</u>	<u>134,379</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,995	162,139	147,144
OTHER FINANCING USES			
Transfers to Other Funds	<u>(50,000)</u>	<u>(50,000)</u>	-
Total Other Financing Uses	<u>(50,000)</u>	<u>(50,000)</u>	-
NET CHANGE IN FUND BALANCE	(35,005)	112,139	147,144
Fund Balance - Beginning of Year	<u>93,524</u>	<u>142,828</u>	<u>49,304</u>
FUND BALANCE - END OF YEAR	<u>\$ 58,519</u>	<u>\$ 254,967</u>	<u>\$ 196,448</u>

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Spring Mesa Metropolitan District (the District) was originally formed as the Eldorado Hills Metropolitan District on April 16, 1991, as a quasi-municipal organization established under the State of Colorado Special District Act. The District legally changed its name to Spring Mesa Metropolitan District in September 2003. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors. The District's service area is located in the City of Arvada, in Jefferson County, Colorado.

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 organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

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

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 as general revenues.

Separate financial statements are provided for the 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. 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 due.

The District reports the following major governmental funds:

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

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

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

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of two years. 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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets conveyed to other governmental entities are removed from the financial records, are not depreciated, and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable, using the straight-line method.

Prior to the year ended December 31, 2010, the District conveyed all of the capital assets constructed and acquired using bond proceeds to the City of Arvada.

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	\$ 262,689
Cash and Investments - Restricted	237,543
Total Cash and Investments	<u>\$ 500,232</u>

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

Deposits with Financial Institutions	\$ 4,799
Investments	495,433
Total Cash and Investments	<u>\$ 500,232</u>

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$4,799.

Investments

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

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

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

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 495,433

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST – (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2022	Additions	Transfers and Retirements	Balance - December 31, 2023
Governmental Activities:				
Capital Assets, Being				
Depreciated:				
Toe and Interceptor Drains	\$ 14,100	\$ -	\$ -	\$ 14,100
Sidewalk and Gutters	12,371	-	-	12,371
Pond Pump	-	15,117	-	15,117
Total Capital Assets, Being Depreciated	26,471	15,117	-	41,588
Less Accumulated Depreciation For:				
Toe and Interceptor Drains	(3,649)	(704)	-	(4,353)
Sidewalk and Gutters	(1,547)	(619)	-	(2,166)
Pond Pump	-	(168)	-	(168)
Total Accumulated Depreciation	(5,196)	(1,491)	-	(6,687)
Capital Assets, Net	\$ 21,275	\$ 13,626	\$ -	\$ 34,901

At December 31, 2023, depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 1,491

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2022	Additions	Retirements	Balance - December 31, 2023	Due Within One Year
General Obligation Refunding Bonds:					
Series 2015	\$ 6,285,000	\$ -	\$ 185,000	\$ 6,100,000	\$ 190,000
General Obligation Refunding Bonds:					
Series 2015 - Premium	234,652	-	18,083	216,569	17,551
Total	<u>\$ 6,519,652</u>	<u>\$ -</u>	<u>\$ 203,083</u>	<u>\$ 6,316,569</u>	<u>\$ 207,551</u>

General Obligation Refunding Bonds, Series 2015

On December 11, 2015, the District issued \$7,420,000 of General Obligation Refunding Bonds, Series 2015 (Series 2015 Bonds) for the purpose of refunding all of the District's outstanding Convertible Capital Appreciation Limited Tax General Obligation Bonds, Series 2006, and the Subordinate Limited Tax General Obligation Bonds, Series 2010 (Refunded Bonds), and paying the cost of issuing the Series 2015 Bonds. The Series 2015 Bonds bear interest between the rates of 2.00% - 4.25%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016. The Series 2015 Bonds are due December 1, 2044.

The Series 2015 Bonds maturing on or after December 1, 2026 are subject to an early redemption at the option of the District, in whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities on December 1, 2026, and on any date thereafter, at the redemption price equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption. The Series 2015 Bonds are payable from property taxes imposed upon all taxable property within the District.

Unused lines of credit

The Series 2015 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2015 Bonds.

Events of default

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Termination Events

The Series 2015 Bonds do not have a termination provision.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Acceleration

The Series 2015 Revenue Refunding Bonds are not subject to acceleration.

The Series 2015 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 190,000	\$ 244,300	\$ 434,300
2025	200,000	236,700	436,700
2026	205,000	228,700	433,700
2027	215,000	220,500	435,500
2028	220,000	211,900	431,900
2029-2033	1,250,000	917,599	2,167,599
2034-2038	1,540,000	633,012	2,173,012
2039-2043	1,860,000	305,314	2,165,314
2044	420,000	16,425	436,425
Total	<u>\$ 6,100,000</u>	<u>\$ 3,014,450</u>	<u>\$ 9,114,450</u>

The District has not budgeted to issue any additional debt in 2023. Per the District's Service Plan, the District cannot issue debt in excess of \$10,500,000 for capital costs.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

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, if applicable, that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had investment in capital assets (i.e., no applicable debt) in the amount of \$34,901.

The restricted component of net position includes assets 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. As of December 31, 2023, the District had restricted net position of \$11,000 for emergency reserves and \$59,071 for debt service.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District has a deficit in unrestricted net position as of December 31, 2023. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 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 (the 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 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 4, 2003, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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.

SUPPLEMENTARY INFORMATION

**SPRING MESA METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 390,984	\$ 390,985	\$ 1
Specific Ownership Taxes	27,368	27,980	612
Interest Income	3,100	13,524	10,424
Total Revenues	<u>421,452</u>	<u>432,489</u>	<u>11,037</u>
EXPENDITURES			
Bond Interest	251,700	251,700	-
Bond Principal	185,000	185,000	-
Paying Agent Fees	3,500	3,500	-
Contingency	435	-	435
County Treasurer's Fees	5,865	5,867	(2)
Total Expenditures	<u>446,500</u>	<u>446,067</u>	<u>433</u>
NET CHANGE IN FUND BALANCE	(25,048)	(13,578)	11,470
Fund Balance - Beginning of Year	<u>92,901</u>	<u>93,007</u>	<u>106</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 67,853</u></u>	<u><u>\$ 79,429</u></u>	<u><u>\$ 11,576</u></u>

**SPRING MESA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 3,900	\$ 5,622	\$ 1,722
Total Revenues	<u>3,900</u>	<u>5,622</u>	<u>1,722</u>
EXPENDITURES			
Pond Projects	56,607	15,117	41,490
Total Expenditures	<u>56,607</u>	<u>15,117</u>	<u>41,490</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,707)	(9,495)	43,212
OTHER FINANCING SOURCES			
Transfer from Other Funds	50,000	50,000	-
Total Other Financing Sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,707)	40,505	43,212
Fund Balance - Beginning of Year	<u>100,859</u>	<u>100,943</u>	<u>84</u>
FUND BALANCE - END OF YEAR	<u>\$ 98,152</u>	<u>\$ 141,448</u>	<u>\$ 43,296</u>

OTHER INFORMATION

**SPRING MESA 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		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2019	\$ 13,839,524	0.000	29.000	\$ 401,346	\$ 401,346	100.00 %
2020	15,742,785	0.000	24.500	385,698	385,698	100.00
2021	15,759,403	19.055	24.500	686,400	686,402	100.00
2022	16,412,004	19.905	23.650	714,825	714,515	99.96
2023	16,079,975	20.464	24.315	720,045	720,047	100.00
Estimated for the Year Ending December 31, 2024	\$ 20,631,909	22.270	19.000	\$ 851,479		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**SPRING MESA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$7,420,000

General Obligation Refunding Bonds, Series 2015

Dated December 11, 2015

Interest Rate Between 2.00% and 4.25%

Interest Payable June 1 and December 1

Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 190,000	\$ 244,300	\$ 434,300
2025	200,000	236,700	436,700
2026	205,000	228,700	433,700
2027	215,000	220,500	435,500
2028	220,000	211,900	431,900
2029	230,000	203,100	433,100
2030	240,000	193,900	433,900
2031	250,000	184,300	434,300
2032	260,000	173,675	433,675
2033	270,000	162,624	432,624
2034	285,000	151,149	436,149
2035	295,000	139,038	434,038
2036	310,000	126,500	436,500
2037	320,000	114,400	434,400
2038	330,000	101,925	431,925
2039	345,000	89,050	434,050
2040	360,000	75,588	435,588
2041	370,000	61,538	431,538
2042	385,000	47,088	432,088
2043	400,000	32,050	432,050
2044	420,000	16,425	436,425
Total	<u>\$ 6,100,000</u>	<u>\$ 3,014,450</u>	<u>\$ 9,114,450</u>

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

**SPRING MESA METROPOLITAN DISTRICT
 TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT
 DECEMBER 31, 2023
 UNAUDITED**

<u>Taxpayer Name</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Public Service Co. of Colorado (Xcel Energy)	\$ 377,359	1.84 %
Private Homeowner # 1	103,531	0.50
Private Homeowner # 2	100,229	0.49
Private Homeowner # 3	95,221	0.46
Private Homeowner # 4	94,068	0.46
Private Homeowner # 5	93,926	0.46
Private Homeowner # 6	92,600	0.45
Private Homeowner # 7	92,304	0.45
Private Homeowner # 8	91,625	0.44
Private Homeowner # 9	90,992	0.44
Total	<u>\$ 1,231,855</u>	<u>5.97 %</u>

NOTE: Percentages are based on a 2023 certified assessed valuation of \$20,631,909.

**SPRING MESA METROPOLITAN DISTRICT
 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
 DECEMBER 31, 2023
 UNAUDITED**

<u>Taxpayer Name</u>	<u>2023 Valuation</u>	<u>Percentage of Assessed Valuation</u>
Residential	\$ 20,254,373	98.17 %
State Assessed	3,747	0.02
Personal Property	373,697	1.81
Natural Resources	92	0.00
Total	<u><u>\$ 20,631,909</u></u>	<u><u>100.00 %</u></u>

**SPRING MESA METROPOLITAN DISTRICT
SELECTED DEBT RATIOS OF THE DISTRICT
DECEMBER 31, 2023
UNAUDITED**

	<u>Amount</u>
Direct Debt (Consisting of the Bonds)	\$ 6,100,000
2023 Assessed Valuation	\$ 20,631,909
Direct Debt to 2022 Assessed Valuation	29.57 %
2023 Total Actual Value of all Taxable Property (Actual Value)	\$ 302,317,791
Direct Debt to 2023 Actual Value	2.02 %