



Fronterra Village

Metropolitan District

COMMERCE CITY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fronterra Village Metropolitan District
Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Fronterra Village 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 17, 2024

FRONTERRA VILLAGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ -
Cash and investments – restricted	610,101
Accounts receivable – specific ownership taxes	4,697
Property taxes receivable	830,000
Prepaid expenses	2,521
Total Assets	\$ 1,447,319
LIABILITIES	
Accounts payable and accrued liabilities	\$ -
Accrued interest payable	22,606
Current portion of general obligation refunding loans	565,499
General obligation refunding loans	8,299,413
Total Liabilities	8,887,518
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	830,000
NET POSITION (DEFICIT)	
Restricted:	
General fund	-
Debt service fund	614,798
Capital project fund	-
Non-spendable	2,521
Unassigned:	(8,887,518)
Net Position (Deficit)	\$ (8,270,199)

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

FRONTERRA VILLAGE 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	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and related costs on long-term debt	(328,988)	-	-	-	(328,988)
	<u>\$ (328,988)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(328,988)</u>
General Revenues					
Property taxes					830,284
Specific ownership taxes					56,944
Net investment income					44,760
Total general revenue					931,988
Change in net position					603,000
Net Position (Deficit) – Beginning of Year					(8,873,199)
Net Position (Deficit) – End of Year					\$ (8,270,199)

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

**FRONTERRA VILLAGE METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Debt Service Fund	Total Government Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	610,101	610,101
Accounts receivable – spec ownership taxes	-	4,697	4,697
Property taxes receivable	-	830,000	830,000
Prepaid expenses	-	2,521	2,521
TOTAL ASSETS	-	1,447,319	1,447,319
LIABILITIES			
Accounts payable and accrued liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	-	830,000	830,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	830,000	830,000
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	-	-	-
Debt service	-	614,798	614,798
Capital projects	-	-	-
Non-spendable	-	2,521	2,521
Unrestricted	-	-	-
TOTAL FUND BALANCES	-	617,319	617,319
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 1,447,319	

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

Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Refunding loan payable	(8,864,912)
Accrued interest payable	(22,606)
Net position of governmental activities	\$ (8,270,199)

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

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

	General Fund	Debt Service Fund	Total Government Funds
REVENUES			
Property taxes	\$ -	\$ 830,284	\$ 830,284
Specific ownership taxes	-	56,944	56,944
Net investment income	-	44,760	44,760
Total Revenues	-	931,988	931,988
EXPENDITURES			
Direct and indirect collection costs	-	46,282	46,282
Debt service			-
Interest on refunding loan	-	288,057	288,057
Principal repayments on refunding loan	-	548,709	548,709
Total Expenditures	-	883,048	883,048
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	48,940	48,940
OTHER FINANCING SOURCES (USES)			
Fund Transfers In / (Out)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	48,940	48,940
FUND BALANCES – BEGINNING	-	568,379	568,379
FUND BALANCES – END OF YEAR	\$ -	\$ 617,319	\$ 617,319

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

**FRONTERRA VILLAGE 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	\$	48,940
The issuance of long-term debt (e.g., bank loans) 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.		
Principal repayments on refunding loans		548,709
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.		
Decrease in accrued interest payable on refunding loans		5,351
Changes in net position of governmental activities	\$	603,000

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

**FRONTERRA VILLAGE 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	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-
Net investment income	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
General and administration	-	-	-
Other district expenses	-	-	-
Election expenses	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER)	-	-	-
FUND BALANCE – BEGINNING OF YEAR	-	-	-
FUND BALANCE – END OF YEAR	\$ -	\$ -	\$ -

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

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

NOTE 1 – DEFINITION OF REPORTING ENTITY

Fronterra Village Metropolitan District (District), a quasi-municipal corporation, was organized on November 16, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Commerce City (City) on August 21, 2000, as amended on August 19, 2002 and February 5, 2007. The District's service area is located in Adams 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, street lighting, landscaping, storm drainage, television relay, mosquito control and park and recreation improvements and facilities within the District.

The land within the District is fully developed and the District's service area is comprised of 770 single family homes and 203 multi-family units. All parks and open spaces within the District's boundaries are owned and maintained by the Fronterra Village Homeowners Association, Inc. (Association).

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 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees, and all 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 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 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.

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 the 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. On October 5, 2022, the Board adopted the District's 2023.

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.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District invests certain funds in an external investment pool (CSAFE) that records its investments at fair value. Investments in CSAFE are categorized as Level 2 Investments.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 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 property taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows or resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

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 6.8% of the property taxes collected.

Specific ownership tax is allocated 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.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

The District owns no land and provides no services to District residents and property owners. The District's sole function is to manage the repayment of the District's debts. Consequently, all costs incurred by the District are considered direct or indirect collection costs supporting the repayment of the District's debts.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

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 Adams 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.

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted - this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted - the component of net position that does not meet the definitions above.

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	<u>610,101</u>
Total cash and investments	<u>\$ 610,101</u>

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

Deposits with financial institutions	\$ 88,095
Investments	<u>522,006</u>
Total cash and investments	<u>\$ 610,101</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.

As of December 31, 2023, the District's cash deposits had a bank and carrying balance of \$88,095.

Investments

The District has adopted a formal investment policy in accordance with 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 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	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 522,006

CSAFE

The District holds investments 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. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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 AAAM by Standard & Poor's.

NOTE 4 – 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:

	<u>Balance at Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at Dec. 31, 2023</u>	<u>Due within one year</u>
General Obligation Tax-Free Refunding Loan, Series 2017A	\$ 7,822,408	\$ -	(\$ 455,959)	\$ 7,366,449	\$ 469,911
General Obligation Tax-Free Refunding Loan, Series 2017B	1,591,213	-	(92,750)	1,498,463	95,588
Total	\$ 9,946,038	\$ -	(\$ 548,709)	\$ 8,864,912	\$ 565,499

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

Series 2017 General Obligation Refunding Loans

On September 29, 2017, the District issued a \$10,000,000 in General Obligation Refunding Loan Series 2017A (2017A Loan) and a \$2,012,494 Taxable (Convertible to Tax-Exempt) General Obligation Refunding Loan Series 2017B (2017B Loan) for the purpose of refinancing its 2007 General Obligation Bonds and registered coupons. The 2017A Loan bears interest at the fixed rate of 3.06% per annum, due June 1 and December 1 and principal payments are due annually on December 1st. The 2017B Loan bears interest at the fixed rate of 4.70% per annum, due June 1 and December 1, and annual principal payments are due on December 1st. The 2017B Loan was converted to a tax-free loan on May 4, 2018 with an interest rate of 3.06%. The 2017 Loans mature on December 1, 2036. The 2017 Loans may be prepaid prior to the maturity date in whole, but not in part, after December 1, 2021, and on any principal payment date thereafter without a prepayment fee or penalty.

The 2017 Loans are secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Unlimited Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Unlimited Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. "Unlimited Mill Levy" is defined as an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, and interest on the 2017 Loans as the same become due and payable without limitation of rate in an amount sufficient to such payment when due.

Per the District's service plan, no limitations exist on the mill levy the District can impose for debt service.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2017A and Series 2017B Loans:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 565,499	\$ 271,266	\$ 836,765
2025	582,803	253,962	836,765
2026	600,637	236,129	836,766
2027	619,017	217,749	836,766
2028	637,959	198,807	836,766
2029 to 2033	3,494,841	688,985	4,183,826
2034 to 2036	2,364,156	146,139	2,510,295
	<u>\$ 8,864,912</u>	<u>\$ 2,013,037</u>	<u>\$ 10,877,949</u>

Events of Default – Series 2017 Loan

The following events are considered events of default under the Series 2017 Loan Indenture of Trust: (1) the principal of or interest on the 2017 Loans is not paid when due, (2) the District fails to observe or perform any of the covenants, agreements, duties or conditions on the part of the District in the Indenture of Trust and such failure is not remedied to the satisfaction of the Lender within 30 days after the date on which the District receives notice from the Lender of such failure, (3) any representation or warranty made by the District in the 2017 Loan Agreement proves to have been untrue or incomplete in any material respect when made or deemed made, (4) the District initiates, acquiesces or consents to any proceedings to dissolve the District or to consolidate the District with other similar entities into a single entity or the District shall otherwise cease to exist, (5) the District commences any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors, (6) the 2017 Loan Agreement, or any material provision hereof or thereof, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder fails to be fully enforceable with the priority required hereunder or (7) any funds or investments on deposit in, or otherwise to the credit of the 2017A Loan Fund or 2017B Loan Fund established in the Loan Agreement shall become subject to any writ, judgment, warrant or attachment, execution or similar process.

Available remedies to the Lender for an Event of Default are (1) apply all amounts as Collateral to the Series 2017 Loan, (2) 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 Series 2017 Loan is not an available remedy for an Event of Default.

Debt Authorization

As of December 31, 2023, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District's voters in compliance with TABOR. Also, pursuant to the District's Service Plan, the District is limited to issuing \$12,750,000 in bond indebtedness. While under control of the Developer, the District exceeded the service plan borrowing limit when the District issued the Series 2007 bonds.

The District's Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 35 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000. As of January 1, 2000, the ratio was 9.28%. The ratio for 2023 was 6.95%, which caused the District's Maximum Mill Levy for debt service for 2023 to be 46.734.

NOTE 5 – NET POSITION

The District has a net position consisting of three components – restricted, non-spendable and unassigned.

Restricted Net Position

The District's restricted net position as of December 31, 2023 in the general fund and debt service fund totaled \$0 and \$614,798, respectively. The balance of the restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 general obligation loans per the debt mill levy and related loan agreements.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2023 in the general fund and debt service fund totaled \$0 and \$2,521, respectively, primarily due to certain 2024 expenses paid in 2023.

Unassigned Net Position

The District's unassigned net position as of December 31, 2023 totaled \$(8,887,518). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to Commerce City, the South Adams County Water and Sanitation District and the Association.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss including (a) torts, thefts of, damage to, or destruction of assets, (b) errors or omissions and (c) 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 insure its member districts against various risks of loss. Settled claims have not exceeded this coverage in any of the past three years.

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

NOTE 7 – 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.

On November 07, 2000, District voters authorized the District to assess property taxes at no more than \$250,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

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.

The District's management believes it is in compliance with the provisions of TABOR. However, 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.

SUPPLEMENTARY INFORMATION

**FRONTERRA VILLAGE 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	\$ 830,000	\$ 830,284	\$ 284
Specific ownership taxes	63,000	56,944	(6,056)
Net investment income	5,000	44,760	39,760
Total Revenues	<u>898,000</u>	<u>931,988</u>	<u>33,988</u>
EXPENDITURES			
Direct and indirect collection costs	57,300	46,282	11,018
Debt service			
Refunding loan interest	288,100	288,057	43
Principal repayments on refunding loan	548,700	548,709	(9)
Total Expenditures	<u>894,100</u>	<u>883,048</u>	<u>11,052</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,900</u>	<u>48,940</u>	<u>45,040</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 (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,900	48,940	45,040
FUND BALANCE – BEGINNING	<u>564,600</u>	<u>568,379</u>	<u>3,779</u>
FUND BALANCE – END OF YEAR	<u>\$ 568,500</u>	<u>\$ 617,319</u>	<u>\$ 48,819</u>

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

**FRONTERRA VILLAGE 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			
District management and accounting fees	\$ 23,500	\$ 23,499	\$ 1
Administrative costs	6,500	1,014	5,486
Audit fees	7,500	3,000	4,500
Collection fees – County Treasurer	12,500	12,453	47
Board of Directors’ fees	1,000	1,500	(500)
Board training and conferences	2,500	-	2,500
Insurance	2,800	2,521	279
Legal fees	1,000	-	1,000
Newsletter publication costs	-	2,295	(2,295)
Total Direct and Indirect Collection Costs	\$ 57,300	\$ 46,282	\$ 11,018

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

FRONTERRA VILLAGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2023

The District's repayment schedule for its Series 2017 general obligation note is as follows:

Year Ended Dec. 31,	General Obligation Tax-Free Refunding Loan Series 2017A			Refunding Loan Series 2007B			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 469,911	\$ 225,413	\$ 695,324	\$ 95,588	\$ 45,853	\$ 141,441	\$ 565,499	\$ 271,266	\$ 836,765
2025	484,290	211,034	695,324	98,513	42,928	141,441	582,803	253,962	836,765
2026	499,110	196,215	695,325	101,527	39,914	141,441	600,637	236,129	836,766
2027	514,383	180,942	695,325	104,634	36,807	141,441	619,017	217,749	836,766
2028	530,123	165,202	695,325	107,836	33,605	141,441	637,959	198,807	836,766
2029	546,344	148,980	695,324	111,136	30,305	141,441	657,480	179,285	836,765
2030	563,062	132,262	695,324	114,537	26,904	141,441	677,599	159,166	836,765
2031	580,292	115,032	695,324	118,042	23,400	141,442	698,334	138,432	836,766
2032	598,049	97,275	695,324	121,654	19,787	141,441	719,703	117,062	836,765
2033	616,349	78,975	695,324	125,376	16,065	141,441	741,725	95,040	836,765
2034	635,210	60,115	695,325	129,212	12,228	141,440	764,422	72,343	836,765
2035	654,647	40,677	695,324	133,166	8,274	141,440	787,813	48,951	836,764
2036	674,679	20,645	695,324	137,242	4,200	141,442	811,921	24,845	836,766
	\$7,366,449	\$1,672,767	\$9,039,216	\$1,498,463	\$340,270	\$1,838,733	\$8,864,912	\$2,013,037	\$10,877,949

Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st. Beginning December 2, 2021, the District may redeem the outstanding bond balance at any time without paying a redemption premium to the Lenders.

FRONTERRA VILLAGE 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)	
2019	\$ 21,890,310	2.000	38.000	\$ 875,613	\$ 875,600	100.0%
2020	24,871,920	2.000	38.000	995,000	994,795	100.0%
2021	24,820,420	-	33.440	749,000	748,610	99.9%
2022	26,273,020	-	31.591	830,000	830,277	100.0%
2023	25,756,210	-	32.225	830,000	830,284	100.0%
2024	30,505,940	-	27.208	830,000	[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

FRONTERRA VILLAGE METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2023

	2022 Mill Levy *	2023 Mill Levy **	Change
ADAMS COUNTY	26.967	26.835	(0.132)
COMMERCE CITY	3.110	2.550	(0.560)
COMMERCE CITY NORTH INFRASTRUCTURE	14.000	8.000	(6.000)
FRONTERRA VILLAGE METROPOLITAN	32.225	27.208	(5.017)
RANGEVIEW LIBRARY DISTRICT	3.615	3.653	0.038
RTD	0.000	0.000	0.000
School District 27-Brighton	56.290	56.290	0.000
SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT	14.750	14.750	0.000
SOUTH ADAMS WATER & SAN	2.424	1.966	(0.458)
URBAN DRAINAGE & FLOOD CONTROL	0.900	0.900	0.000
URBAN DRAINAGE SOUTH PLATTE	0.100	0.100	0.000
Total Mill Levy (Tax Area 104)	154.381	142.252	(12.129)

* -- For property tax collections in 2023

** -- For property tax collections in 2024

FRONTERRA VILLAGE METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2023

	2019	2020	2021	2022	2023
Debt outstanding	\$ 10,963,916	\$ 10,462,646	\$ 9,946,038	\$ 9,413,621	\$ 8,864,912
Combined assessed property values within the District	\$ 24,871,920	\$ 24,820,420	\$ 26,273,020	\$ 25,756,210	\$ 30,505,940
Ratio of debt to assessed property values	44.1%	42.2%	37.9%	36.5%	29.1%