

**HIGHFIELD METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**HIGHFIELD METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	19
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	21
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	22



Board of Directors
Highfield Metropolitan District
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Highfield 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 Highfield 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 Supplementary 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

The other 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 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.



Wipfli LLP
Denver, Colorado

July 22, 2024

BASIC FINANCIAL STATEMENTS

**HIGHFIELD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 37,752
Cash and Investments - Restricted	1,426,492
Prepaid Insurance	3,916
Prepaid Expenses	688
Receivable from County Treasurer	5,379
Property Tax Receivable	815,557
Capital Assets:	
Capital Assets Net of Depreciation	259,674
Total Assets	2,549,458
LIABILITIES	
Accounts Payable	1,267
Accrued Interest	8,888
Noncurrent Liabilities:	
Due Within One Year	550,000
Due in More Than One Year	4,190,000
Total Liabilities	4,750,155
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	815,557
Total Deferred Inflows of Resources	815,557
NET POSITION	
Restricted for:	
Emergency Reserve	9,000
Debt Service	420,521
Net Position - Unrestricted	(3,445,775)
Total Net Position	\$ (3,016,254)

See accompanying Notes to Basic Financial Statements.

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

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 95,021	\$ -	\$ -	\$ -	\$ (95,021)
Interest on Long-Term Debt and Related Costs	121,574	-	-	-	(121,574)
Total Governmental Activities	\$ 216,595	\$ -	\$ -	\$ -	(216,595)
GENERAL REVENUES					
Property Taxes					894,368
Specific Ownership Taxes					83,158
Interest Income					64,608
Total General Revenues and Transfers					1,042,134
CHANGES IN NET POSITION					825,539
Net Position - Beginning of Year					(3,841,793)
NET POSITION - END OF YEAR					\$ (3,016,254)

See accompanying Notes to Basic Financial Statements.

**HIGHFIELD METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 37,752	\$ -	\$ 37,752
Cash and Investments - Restricted	675,824	750,668	1,426,492
Receivable from County Treasurer	1,537	3,842	5,379
Prepaid Insurance	3,916	-	3,916
Prepaid Expenses	688	-	688
Property Tax Receivable	163,111	652,446	815,557
Total Assets	\$ 882,828	\$ 1,406,956	\$ 2,289,784
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,267	\$ -	\$ 1,267
Total Liabilities	1,267	-	1,267
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	163,111	652,446	815,557
Total Deferred Inflows of Resources	163,111	652,446	815,557
FUND BALANCES			
Nonspendable:			
Prepaid Expense	4,604	-	4,604
Restricted for:			
Emergency Reserves	9,000	-	9,000
Debt Service	-	754,510	754,510
Unassigned	704,846	-	704,846
Total Fund Balances	718,450	754,510	1,472,960
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 882,828	\$ 1,406,956	

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. 259,674

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

Accrued Interest (8,888)

Loans Payable (4,740,000)

Net Position of Governmental Activities \$ (3,016,254)

See accompanying Notes to Basic Financial Statements.

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

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 255,521	\$ 638,847	\$ 894,368
Specific Ownership Taxes	23,758	59,400	83,158
Interest Income	18,426	46,182	64,608
Total Revenues	<u>297,705</u>	<u>744,429</u>	<u>1,042,134</u>
EXPENDITURES			
Current:			
Accounting	20,569	-	20,569
Auditing	5,400	-	5,400
County Treasurer's Fee	3,833	9,583	13,416
District Management	12,000	-	12,000
Dues and Membership	669	-	669
Insurance	3,213	-	3,213
Legal	14,166	-	14,166
SE Detention Maintenance	4,741	-	4,741
Miscellaneous	1,354	-	1,354
Debt Service:			
Loan Interest	-	120,450	120,450
Loan Principal	-	540,000	540,000
Paying Agent Fees	-	2,000	2,000
Total Expenditures	<u>65,945</u>	<u>672,033</u>	<u>737,978</u>
NET CHANGE IN FUND BALANCES	231,760	72,396	304,156
Fund Balances - Beginning of Year	<u>486,690</u>	<u>682,114</u>	<u>1,168,804</u>
FUND BALANCES - END OF YEAR	<u>\$ 718,450</u>	<u>\$ 754,510</u>	<u>\$ 1,472,960</u>

See accompanying Notes to Basic Financial Statements.

**HIGHFIELD 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 \$ 304,156

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense (19,493)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Loan Principal 540,000

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 - Change in Liability 876

Changes in Net Position of Governmental Activities \$ 825,539

**HIGHFIELD METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 256,212	\$ 255,521	\$ (691)
Specific Ownership Taxes	23,059	23,758	699
Interest Income	-	18,426	18,426
Total Revenues	<u>279,271</u>	<u>297,705</u>	<u>18,434</u>
EXPENDITURES			
Accounting	25,300	20,569	4,731
Auditing	5,200	5,400	(200)
Contingency	3,157	-	3,157
County Treasurer's Fee	3,843	3,833	10
District Management	15,000	12,000	3,000
Dues and Membership	500	669	(169)
Election	3,000	-	3,000
Insurance	4,000	3,213	787
Legal	19,500	14,166	5,334
Miscellaneous	500	1,354	(854)
Lot 13A Maintenance	5,000	-	5,000
SE Detention Maintenance	20,000	4,741	15,259
Total Expenditures	<u>105,000</u>	<u>65,945</u>	<u>39,055</u>
NET CHANGE IN FUND BALANCE	174,271	231,760	57,489
Fund Balance - Beginning of Year	<u>478,830</u>	<u>486,690</u>	<u>7,860</u>
FUND BALANCE - END OF YEAR	<u>\$ 653,101</u>	<u>\$ 718,450</u>	<u>\$ 65,349</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Highfield Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court on November 21, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is within the boundaries of Douglas County, Colorado. The District was organized to provide financing for the construction of streets, safety control, transportation, water systems, drainage systems, television relay and translator, parks and recreation facilities, mosquito control, and operation and maintenance of the District. The District held its organizational meeting on January 21, 2008.

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 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 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 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.

**HIGHFIELD 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 instead 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. The District has determined that Developer advances are not considered as revenue susceptible to accrual. 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 and investments.

Property Taxes

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

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 infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Traffic and Safety	30 Years
Streets	20 Years
Storm Sewer	15 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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	\$ 37,752
Cash and Investments - Restricted	1,426,492
Total Cash and Investments	\$ 1,464,244

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

Deposits with Financial Institutions	\$ 50,945
Investments	1,413,299
Total Cash and Investments	\$ 1,464,244

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.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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 of \$54,416 and a carrying balance of \$50,945.

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.

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>
First American Funds - U.S. Treasury Obligations Money Market - Class D	Weighted-Average Under 60 Days	\$ 1,413,299
		<u>\$ 1,413,299</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

First American Funds - U.S. Treasury Obligations - Money Market - Class D

The trust accounts at U.S. Bank were invested in the First American Treasury Obligations Fund (Class D). This portfolio is a money market fund that is managed by First American Funds and each share is equal in value to \$1.00. The Fund is rated AAAM by Standard & Poor's and Aaa-mf by Moody's and Fitch. The Fund invests in high quality short-term debt obligations, including repurchase agreements and U.S. Treasury securities. The average maturity of the underlying securities is less than 60 days.

The Fund records its investments at amortized cost and the District records its investments in the Fund at net asset value as determined by amortized cost with \$1 per share approximating net asset value. There are no unfunded commitments, the redemption frequency is daily, 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 at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Being Depreciated:				
Traffic and Safety	\$ 90,506	\$ -	\$ -	\$ 90,506
Storm Sewer	247,140	-	-	247,140
Total Capital Assets, Being Depreciated	337,646	-	-	337,646
Less Accumulated Depreciation for:				
Accumulated Depreciation - Traffic and Safety	9,051	3,017	-	12,068
Accumulated Depreciation - Storm Sewer	49,428	16,476	-	65,904
Total Accumulated Depreciation	58,479	19,493	-	77,972
Total Capital Assets, Being Depreciated, Net	279,167	19,493	-	259,674
Governmental Activities Capital Assets, Net	<u>\$ 279,167</u>	<u>\$ 19,493</u>	<u>\$ -</u>	<u>\$ 259,674</u>

At completion and acceptance, all of the governmental activities fixed assets will be conveyed by the District to other local governments and the District will not be responsible for maintenance of those fixed assets.

Depreciation expense of \$19,493 for the year ended December 31, 2023, was charged to general government activities.

**HIGHFIELD 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 at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Notes/Loans/Bonds from Direct Borrowings and Direct Placements					
Series 2021 G.O. Limited Tax Loan	\$ 5,280,000	\$ -	\$ 540,000	\$ 4,740,000	\$ 550,000
Total Long-Term Obligations	<u>\$ 5,280,000</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$ 4,740,000</u>	<u>\$ 550,000</u>

The details of the District's long-term obligations are as follows:

Series 2021 Loan Agreement

The District entered into a General Obligation Refunding Loan Agreement with U.S. Bank N.A. (Lender) in the amount of \$5,785,000 on December 17, 2021 (2021 Loan).

Proceeds from the 2021 Loan, along with other District funds, were used to pay and cancel the entire outstanding balance of the District's 2014 Loan, in the amount of \$3,780,000, and the District's 2019 Loan, in the amount of \$2,198,820.

The 2021 Loan bears interest at 2.25%, payable semi-annually on June 1 and December 1, commencing on June 1, 2022. Annual payments of principal are due on December 1, commencing on December 1, 2022. The 2021 Loan matures on December 1, 2031. Interest is calculated on the basis of a 360-day year and actual number of days elapsed. Interest not paid when due shall compound on each Interest Payment Date at the rate of interest then borne by the 2021 Loan.

The District may prepay the 2021 Loan at any time upon payment of all or any portion of the Loan Balance, accrued interest, and a Prepayment Fee, as described in the Loan Agreement.

The District's long-term obligation will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 550,000	106,650	656,650
2025	560,000	94,275	654,275
2026	575,000	81,675	656,675
2027	585,000	68,738	653,738
2028	600,000	55,575	655,575
2029-2031	1,870,000	84,713	1,954,713
Total	<u>\$ 4,740,000</u>	<u>\$ 491,625</u>	<u>\$ 5,231,625</u>

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 6, 2007, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$180,000,000 at an interest rate not to exceed 12% per annum.

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Amount Authorized on November 6, 2007	Authorization Used						Authorized But Unused
	12/19/2014	10/20/2015	9/29/2016	8/29/2017	8/9/2019	12/17/2021	
\$ 15,000,000	\$ 777,717	\$ -	\$ -	\$ -	\$ 2,262,381	\$ -	\$ 11,959,902
15,000,000	1,441,669	-	-	-	-	-	13,558,331
15,000,000	1,030,614	-	-	-	-	-	13,969,386
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	-	15,000,000
15,000,000	-	-	-	-	-	5,785,000	9,215,000
15,000,000	-	436,400	242,340	321,260	-	-	14,000,000
<u>\$ 180,000,000</u>	<u>\$ 3,250,000</u>	<u>\$ 436,400</u>	<u>\$ 242,340</u>	<u>\$ 321,260</u>	<u>\$ 2,262,381</u>	<u>\$ 5,785,000</u>	<u>\$ 167,702,619</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$15,000,000 at a maximum interest rate of 12% and the maximum underwriting discount is 2%. The Service Plan also limits the total mill levy (debt service and operations combined) to 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

In the future, the District may issue a portion of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

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

NOTE 6 NET POSITION (CONTINUED)

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had a restricted net position as of December 31, 2023 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 9,000
Debt Service Reserve	420,521
Total Restricted Net Position	\$ 429,521

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements which will be conveyed to other entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Highfield Business Park, LLC (Developer). The members of the Board of Directors of the District are owners of or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

Developer Advances

Advance and Reimbursement and Facilities Acquisition Agreement

The District and the Developer have entered into an Advance and Reimbursement and Facilities Acquisition Agreement (the Agreement) dated January 21, 2008, and subsequently amended on December 11, 2014 and on July 23, 2019. Pursuant to the Agreement as amended, the Developer has agreed to advance funds for financing the costs associated with the formation of the District, District operations, and construction of District improvements after formation. Advances made by the Developer shall accrue interest at the prime rate plus a margin of 1.00% per annum.

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

At December 31, 2023, no amounts were owed under this agreement.

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

NOTE 8 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., 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 9 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 6, 2007, the District voters passed an election question allowing the District to increase property taxes up to \$1,000,000 annually, with a maximum mill levy of 50 mills, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue annually without regard to 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

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

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 640,530	\$ 638,847	\$ (1,683)
Specific Ownership Taxes	57,648	59,400	1,752
Interest Income	25,690	46,182	20,492
Total Revenues	<u>723,868</u>	<u>744,429</u>	<u>20,561</u>
EXPENDITURES			
County Treasurer's Fee	9,608	9,583	25
Paying Agent Fees	4,000	2,000	2,000
Loan Interest	118,800	120,450	(1,650)
Loan Principal	540,000	540,000	-
Contingency	2,592	-	2,592
Total Expenditures	<u>675,000</u>	<u>672,033</u>	<u>2,967</u>
NET CHANGE IN FUND BALANCE	48,868	72,396	23,528
Fund Balance - Beginning of Year	<u>672,825</u>	<u>682,114</u>	<u>9,289</u>
FUND BALANCE - END OF YEAR	<u>\$ 721,693</u>	<u>\$ 754,510</u>	<u>\$ 32,817</u>

OTHER INFORMATION

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

	\$5,785,000		
	General Obligation Refunding Loan, Series 2021		
	Dated 12/17/2021		
	Principal due December 1		
	Interest Rate 2.250%		
	Payable June 1 and December 1		
Loans and Interest Maturing in the Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 550,000	\$ 106,650	\$ 656,650
2025	560,000	94,275	654,275
2026	575,000	81,675	656,675
2027	585,000	68,738	653,738
2028	600,000	55,575	655,575
2029	610,000	42,075	652,075
2030	625,000	28,350	653,350
2031	635,000	14,288	649,288
Total	<u>\$ 4,740,000</u>	<u>\$ 491,625</u>	<u>\$ 5,231,625</u>

**HIGHFIELD METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2018/2019	\$ 15,564,410	0.0%	5.000	20.000	25.000	\$ 389,110	\$ 382,585	98.32 %
2019/2020	29,536,630	89.8%	10.000	15.000	25.000	738,415	738,415	100.00 %
2020/2021	34,140,200	15.6%	10.000	15.000	25.000	853,505	853,505	100.00 %
2021/2022	43,432,350	27.2%	10.000	15.000	25.000	1,085,809	1,081,283	99.58 %
2022/2023	42,702,000	-1.7%	6.000	15.000	21.000	896,742	894,368	99.74 %
Estimated for Year Ending December 31, 2024	\$ 54,370,460	27.3%	3.000	12.000		\$ 815,557		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Douglas Assessor and Treasurer.