

**LIBERTY MEAD METROPOLITAN
DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**LIBERTY MEAD METROPOLITAN DISTRICT
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Board of Directors
Liberty Mead Metropolitan District
Weld County, Colorado

Independent Auditor’s Report

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, 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, 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

Wipfli LLP
Denver, Colorado

July 30, 2024

BASIC FINANCIAL STATEMENTS

**LIBERTY MEAD METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 422,451
Cash and Investments - Restricted	13,327
Receivable from County Treasurer	2,262
Property Taxes Receivable	1,355,982
Capital Assets, Net	1,739,171
Total Assets	3,533,193
LIABILITIES	
Accounts Payable	31,587
Prepaid Dues	15,308
Accrued Interest Payable	342,549
Due to Other Governments	41,517
Noncurrent Liabilities:	
Due in More Than One Year	17,901,071
Total Liabilities	18,332,032
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Revenue	1,355,982
Total Deferred Inflows of Resources	1,355,982
NET POSITION	
Net Investment in Capital Assets	(83,281)
Restricted for:	
Emergency Reserves	8,700
Unrestricted	(16,080,240)
Total Net Position	\$ (16,154,821)

See accompanying Notes to Basic Financial Statements

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

	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 346,310	\$ -	\$ -	\$ (185,084)
Interest and Related Costs on Long-Term Debt	<u>991,837</u>	<u>-</u>	<u>-</u>	<u>(991,837)</u>
Total Governmental Activities	<u>\$ 1,338,147</u>	<u>\$ 161,226</u>	<u>\$ -</u>	<u>(1,176,921)</u>
GENERAL REVENUES				
Property Taxes				703,017
Property Taxes - URA				38,347
Specific Ownership Taxes				31,556
Net Investment Income				30,053
Total General Revenues				<u>802,973</u>
CHANGE IN NET POSITION				(373,948)
Net Position - Beginning of Year				<u>(15,780,873)</u>
NET POSITION - END OF YEAR				<u>\$ (16,154,821)</u>

See accompanying Notes to Basic Financial Statements

**LIBERTY MEAD METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 422,451	\$ -	\$ 422,451
Cash and Investments - Restricted	8,700	4,627	13,327
Receivable from County Treasurer	312	1,950	2,262
Property Taxes Receivable	187,020	1,168,962	1,355,982
Total Assets	\$ 618,483	\$ 1,175,539	\$ 1,794,022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 31,587	\$ -	\$ 31,587
Prepaid Dues	15,308	-	15,308
Due to Other Governments	41,517	-	41,517
Total Liabilities	88,412	-	88,412
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Revenue	187,020	1,168,962	1,355,982
Total Deferred Inflows of Resources	187,020	1,168,962	1,355,982
FUND BALANCES			
Restricted for:			
Emergency Reserves	8,700	-	8,700
Debt Service	-	6,577	6,577
Unassigned	334,351	-	334,351
Total Fund Balances	343,051	6,577	349,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 618,483	\$ 1,175,539	

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

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds.
Capital Assets, Net

1,739,171

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

Bonds Payable	(14,000,000)
Developer Advances Payable	(3,626,036)
Accrued Interest on Bonds Payable	(342,549)
Accrued Interest on Developer Advances	(275,035)

Net Position of Governmental Activities

\$ (16,154,821)

See accompanying Notes to Basic Financial Statements

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

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 63,909	\$ 639,108	\$ 703,017
Property Taxes - URA	38,347	-	38,347
Specific Ownership Taxes	4,353	27,203	31,556
Interest Income	19,373	10,680	30,053
Homeowners Fees	147,550	-	147,550
Set-up Fees	9,966	-	9,966
Design Review Fees	700	-	700
Covenant Violations	2,249	-	2,249
Late Fees	761	-	761
Total Revenues	<u>287,208</u>	<u>676,991</u>	<u>964,199</u>
EXPENDITURES			
General Government:			
Accounting	8,169	-	8,169
Auditing	5,712	-	5,712
County Treasurer's Fee	958	9,582	10,540
County Treasurer's Fee - URA	575	-	575
Dues and Licenses	534	-	534
Insurance and Bonds	4,249	-	4,249
Legal Services	29,522	-	29,522
Landscape Water	25,893	-	25,893
Miscellaneous	10	-	10
Payment to URA	37,772	-	37,772
Banking Fees	20	-	20
Homeowner Setup Fee	8,635	-	8,635
Homeowner Design Review Fee	1,000	-	1,000
District Management	54,627	-	54,627
Dog Waste Station Maintenance	4,689	-	4,689
Landscaping Maintenance	46,667	-	46,667
Landscape Repair	48,370	-	48,370
Snow Removal	11,671	-	11,671
Utilities	544	-	544
Bond Payment - Interest	-	660,618	660,618
Total Expenditures	<u>289,617</u>	<u>670,200</u>	<u>959,817</u>
NET CHANGE IN FUND BALANCES	(2,409)	6,791	4,382
Fund Balances (Deficit) - Beginning of Year	<u>345,460</u>	<u>(214)</u>	<u>345,246</u>
FUND BALANCES - END OF YEAR	<u>\$ 343,051</u>	<u>\$ 6,577</u>	<u>\$ 349,628</u>

See accompanying Notes to Basic Financial Statements

**LIBERTY MEAD METROPOLITAN DISTRICT
 RECONCILIATION OF THE STATEMENTS 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 - Governmental Funds	\$	4,382
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation		(47,111)
<p>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.</p>		
Accrued Interest on Developer Advances - Change in Liability		(221,837)
Accrued Interest on Bonds - Change in Liability		(109,382)
		(373,948)
Change in Net Position of Governmental Activities	\$	(373,948)

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 63,968	\$ 63,909	\$ (59)
Property Taxes - URA	38,381	38,347	(34)
Specific Ownership Taxes	6,141	4,353	(1,788)
Interest Income	10,000	19,373	9,373
Homeowners Fees	147,550	147,550	-
Set-up Fees	30,000	9,966	(20,034)
Design Review Fees	6,000	700	(5,300)
Covenant Violations	-	2,249	2,249
Late Fees	-	761	761
Total Revenues	302,040	287,208	(14,832)
EXPENDITURES			
Accounting	13,000	8,169	4,831
Auditing	5,400	5,712	(312)
County Treasurer's Fee	960	958	2
County Treasurer's Fee - URA	576	575	1
Dues and Licenses	500	534	(34)
Insurance and Bonds	4,100	4,249	(149)
Legal Services	12,000	29,522	(17,522)
Miscellaneous	-	10	(10)
Payment to URA	37,805	37,772	33
Banking Fees	-	20	(20)
Election Expense	5,000	-	5,000
Homeowner Setup Fee	30,000	8,635	21,365
Homeowner Design Review Fee	6,000	1,000	5,000
District Management	48,000	54,627	(6,627)
Dog Waste Station Maintenance	-	4,689	(4,689)
Landscaping Maintenance	72,800	46,667	26,133
Landscape Repair	10,000	48,370	(38,370)
Landscape Water	40,000	25,893	14,107
Snow Removal	12,000	11,671	329
Utilities	500	544	(44)
Contingency	1,000	-	1,000
Total Expenditures	299,641	289,617	10,024
NET CHANGE IN FUND BALANCES	2,399	(2,409)	(4,808)
Fund Balances - Beginning of Year	347,111	345,460	(1,651)
FUND BALANCES - END OF YEAR	\$ 349,510	\$ 343,051	\$ (6,459)

See accompanying Notes to Basic Financial Statements

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Liberty Mead Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the County of Weld on June 20, 2014 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Mead on March 31, 2014.

The District was established to finance the construction of certain streets, traffic safety controls, street lighting, sanitary sewer, water, landscaping, storm drainage, mosquito control, and park and recreation improvements. The District shall not provide fire protection or emergency medical services or of facilities.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**LIBERTY MEAD 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 becomes 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 debt of the governmental funds.

**LIBERTY MEAD 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.

The District amended its annual budget for the year ended December 31, 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.

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 assets and water rights, 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.

**LIBERTY MEAD 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 following estimated economic useful lives:

Parks and Recreation	40 Years
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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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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	\$ 422,451
Cash and Investments - Restricted	13,327
Total Cash and Investments	\$ 435,778

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

Deposits with Financial Institutions	\$ 130,489
Investments	305,289
Total Cash and Investments	\$ 435,778

Deposits with Financial Institutions

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

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

At December 31, 2023, the District’s cash deposits had a bank and carrying balance of \$130,489.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 305,289</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CASH FUND operate similarly to a money market fund, with each share valued at \$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, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. 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 - December 31, 2022	Increases	Decreases	Balance - December 31, 2023
Capital Assets, Being Depreciated:				
Park Landscape	\$ 1,884,430	\$ -	\$ -	\$ 1,884,430
Total Capital Assets, Being Depreciated	1,884,430	-	-	1,884,430
Less Accumulated Depreciation for:				
Park Landscape	(98,148)	(47,111)	-	(145,259)
Total Accumulated Depreciation	(98,148)	(47,111)	-	(145,259)
 Total Capital Assets, Being Depreciated, Net	 1,786,282	 (47,111)	 -	 1,739,171
 Capital Assets, Net	 \$ 1,786,282	 \$ (47,111)	 \$ -	 \$ 1,739,171

Depreciation expense in the amount of \$47,111 was charged to the general government function.

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023	Due Within One Year
Bonds:					
Series 2020 - Limited Tax General Obligation Bonds	\$ 14,000,000	\$ -	\$ -	\$ 14,000,000	\$ -
Bonds Subtotal	<u>14,000,000</u>	<u>-</u>	<u>-</u>	<u>14,000,000</u>	<u>-</u>
Developer Advances:					
Developer Advance - Capital	3,626,036	-	-	3,626,036	-
Accrued Interest on Developer Advance - Capital	53,198	221,837	-	275,035	-
Developer Advances Subtotal	<u>3,679,234</u>	<u>221,837</u>	<u>-</u>	<u>3,901,071</u>	<u>-</u>
Total	<u>\$ 17,679,234</u>	<u>\$ 221,837</u>	<u>\$ -</u>	<u>\$ 17,901,071</u>	<u>\$ -</u>

Series 2020 Limited Tax General Obligations Bonds

On November 30, 2020, the District authorized the issuance of Limited Tax General Obligation Bonds, Series 2020 (the Bonds) in the aggregate principal amount of \$14,000,000 with an interest rate of 5.50% calculated on the basis of a 360-day year of 12 30-day months. Interest on the Bonds are payable on June 1 and December 1, commencing on June 1, 2021. The principal and interest on the Bonds are payable solely from and the extent of Pledged Revenues, which may or may not be sufficient to pay the principal and interest on the Bonds. The Bonds are subject to redemption prior to maturity without premium.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy. The Bonds are also secured by amounts held by the Trustee in the Reserve Fund(s). Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable including any accrued interest and unpaid amounts and interest due as a result of compounding, if any. The maximum Required Mill Levy is 50.000 mills, subject to adjustment. For collection year 2023, the District levied 63.517 mills.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2020 Limited Tax General Obligations Bonds (Continued)

The Series 2020 Bonds shall be subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000 in excess thereof, on December 1, 2030 and any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with Eagle Development Company (Developer) as follows:

Funding and Reimbursement Agreement for Operations and Maintenance Costs

On November 11, 2019, the District entered into an agreement with the Developer. The Developer has agreed to advance up to \$500,000 through December 31, 2019, to fund the costs of operations and maintenance. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on November 11, 2020 and was extended through December 31, 2024. As of December 31, 2023, there was no outstanding principal and interest for Operating advances.

Funding and Reimbursement Agreement for Capital Costs

On November 11, 2019, the District entered into an agreement with the Developer. The Developer has agreed to advance up to \$14,000,000 through December 31, 2019, to fund the costs of capital projects. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on November 11, 2021 and was extended through December 31, 2024. As of December 31, 2023, outstanding principal for Capital advances totaled \$3,626,036 and accrued interest due totaled \$275,035.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's general obligation bond principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,048,382	\$ 1,048,382
2025	-	770,000	770,000
2026	-	770,000	770,000
2027	-	770,000	770,000
2028	-	770,000	770,000
2029-2033	680,000	3,834,600	4,514,600
2034-2038	2,630,000	3,397,185	6,027,185
2039-2043	3,853,000	2,547,160	6,400,160
2044-2048	5,508,000	1,315,710	6,823,710
2049	1,329,000	73,095	1,402,095
Total	\$ 14,000,000	\$ 15,296,132	\$ 29,296,132

Authorized Debt

On May 6, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$105,300,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had the following remaining authorized but unissued indebtedness:

	<u>Amount Authorized May 6, 2014</u>	<u>Authorization Used</u>	<u>Authorized But Unused</u>
Streets	\$ 8,775,000	\$ 7,540,221	\$ 1,234,779
Parks and Recreation	8,775,000	1,447,536	7,327,464
Water	8,775,000	1,850,901	6,924,099
Sanitation/Storm Sewer	8,775,000	2,833,026	5,941,974
Transportation	8,775,000	-	8,775,000
Mosquito Control	8,775,000	-	8,775,000
Safety Protection	8,775,000	328,316	8,446,684
Fire Protection	8,775,000	-	8,775,000
Television Relay and Translation	8,775,000	-	8,775,000
Operations and Maintenance	8,775,000	-	8,775,000
Refunding of Debt	8,775,000	-	8,775,000
Governmental IGAs	8,775,000	-	8,775,000
Total	\$ 105,300,000	\$ 14,000,000	\$ 91,300,000

The Service Plan limits the total remaining amount of debt to \$4,674,000 except to allow for refunding of debt. In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area.

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

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,739,171
Noncurrent Portion of Long-Term Obligations	<u>(1,822,452)</u>
Net Investment in Capital Assets	<u><u>\$ (83,281)</u></u>

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

Restricted Net Position:	
Emergency Reserves	<u>\$ 8,700</u>
Total Restricted Net Position	<u><u>\$ 8,700</u></u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

Two of the members of the Board of Directors of the District are employees, or otherwise associated with, Eagle Development Company, the Landhuis Company, Tralon Homes, LLC, and Affirmed Financial Services, LLC, holders of the District's outstanding bonds, and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer. Any potential conflicts have been filed in accordance with Colorado Law.

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

NOTE 8 RISK MANAGEMENT

The District is 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, 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 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, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

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

On November 7, 2017, the District voters passed an election question to increase property taxes \$2,000,000 annually as adjusted for inflation, without limitation of rate, 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 without regard to any limitations under TABOR.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 639,676	\$ 639,108	\$ 639,108	\$ -
Specific Ownership Taxes	30,385	27,203	27,203	-
Interest Income	-	10,680	10,680	-
Total Revenues	<u>670,061</u>	<u>676,991</u>	<u>676,991</u>	<u>-</u>
EXPENDITURES				
County Treasurer's Fees	9,595	9,582	9,582	-
Contingency	-	4,800	-	4,800
Bond Payment - Interest	<u>660,466</u>	<u>660,618</u>	<u>660,618</u>	<u>-</u>
Total Expenditures	<u>670,061</u>	<u>675,000</u>	<u>670,200</u>	<u>4,800</u>
NET CHANGE IN FUND BALANCES	-	1,991	6,791	4,800
Fund Balances (Deficit) - Beginning of Year	<u>-</u>	<u>(214)</u>	<u>(214)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,777</u>	<u>\$ 6,577</u>	<u>\$ 4,800</u>

OTHER INFORMATION

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

\$14,000,000 Limited Tax General Obligation Bonds
Series 2020
Interest 5.50%
Dated November 30, 2020
Interest Payable December 1 and June 1
Principal Payable December 1

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,048,382	\$ 1,048,382
2025	-	770,000	770,000
2026	-	770,000	770,000
2027	-	770,000	770,000
2028	-	770,000	770,000
2029	-	770,000	770,000
2030	-	770,000	770,000
2031	-	770,000	770,000
2032	280,000	770,000	1,050,000
2033	400,000	754,600	1,154,600
2034	448,000	732,600	1,180,600
2035	475,000	707,960	1,182,960
2036	528,000	681,835	1,209,835
2037	560,000	652,795	1,212,795
2038	619,000	621,995	1,240,995
2039	655,000	587,950	1,242,950
2040	720,000	551,925	1,271,925
2041	762,000	512,325	1,274,325
2042	834,000	470,415	1,304,415
2043	882,000	424,545	1,306,545
2044	960,000	376,035	1,336,035
2045	1,017,000	323,235	1,340,235
2046	1,103,000	267,300	1,370,300
2047	1,166,000	206,635	1,372,635
2048	1,262,000	142,505	1,404,505
2049	1,329,000	73,095	1,402,095
Total	<u>\$ 14,000,000</u>	<u>\$ 15,296,132</u>	<u>\$ 29,296,132</u>

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

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for	Mills Levied for	Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2019	\$ 2,660,230	51.961	0.000	\$ 138,228	\$ 119,892	86.73 %
2020	1,829,800	8.906	55.664	118,150	118,065	99.93
2021	2,666,530	8.906	55.664	172,178	173,011	100.48
2022	7,831,390	8.906	55.664	505,673	505,673	100.00
2023	12,793,530	8.000	50.000	742,025	741,364	99.91
Estimated for the Year Ending December 31, 2024	\$ 18,403,920	10.162	63.517	\$ 1,355,982		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

Source: El Paso Conuty Assessor and Treasurer