

# LAREDO METROPOLITAN DISTRICT

COMMERCE CITY  
ADAMS COUNTY, COLORADO



**ANNUAL FINANCIAL STATEMENTS**

**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Laredo Metropolitan District  
Adams County, CO

### Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Laredo Metropolitan District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### Required Supplementary Information

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

#### Supplementary Information

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

#### Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

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

Castle Pines, Colorado  
September 9, 2024

**LAREDO METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ -
Cash and investments – restricted	186,990
Accounts receivable – specific ownership taxes	2,492
Property taxes receivable	441,000
Prepaid expenses	2,531
<b>Total Assets</b>	<b>\$ 633,013</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 3,935
Accrued interest payable	10,009
Current portion of Series 2022 bank loan	217,291
Series 2022 bank loan	2,159,955
<b>Total Liabilities</b>	<b>2,391,190</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	441,000
<b>NET POSITION (DEFICIT)</b>	
Restricted:	
Emergency reserves	-
Debt service	185,547
Capital projects	-
Non-spendable	2,531
Unassigned:	(2,387,255)
<b>Net Position (Deficit)</b>	<b>\$ (2,199,177)</b>

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

**LAREDO METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the 12-Month Period Ended**  
**December 31, 2023**

Functions / Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
<b>Government Activities:</b>				
General government activities	\$ -	\$ -	\$ -	\$ -
Interest and related costs on long-term debt	(173,839)	-	-	(173,839)
Capital project activities	-	-	-	-
	<u>\$ (173,839)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,839)</u>
<b>General Revenues</b>				
Property taxes				441,404
Specific ownership taxes				30,248
Net investment income				14,605
<b>Total general revenue</b>				<b>486,257</b>
Change in net position				312,418
<b>Net Position (Deficit) – Beginning of Year</b>				<b>(2,511,595)</b>
<b>Net Position (Deficit) – End of Year</b>				<b>\$ (2,199,177)</b>

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

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

	General Fund	Debt Service Fund	Total Government Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	186,990	186,990
Accounts receivable – spec ownership taxes	-	2,492	2,492
Property taxes receivable	-	441,000	441,000
Prepaid expenses	-	2,531	2,531
<b>TOTAL ASSETS</b>	<b>-</b>	<b>633,013</b>	<b>633,013</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	-	3,935	3,935
Property tax rebates	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	-	441,000	441,000
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>444,935</b>	<b>444,935</b>
<b>FUND BALANCES</b>			
Restricted:			
Emergencies (TABOR)		-	-
Debt service		185,547	185,547
Capital projects		-	-
Non-spendable	-	2,531	2,531
Unrestricted	-		-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>188,078</b>	<b>188,078</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 633,013</b>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(2,377,246)
Accrued interest payable	(10,009)
<b>Net position of governmental activities</b>	<b>\$ (2,199,177)</b>

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

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

	General Fund	Debt Service Fund	Total Government Funds
<b>REVENUE</b>			
Property taxes	\$ -	\$ 441,404	\$ 441,404
Specific ownership taxes	-	30,248	30,248
Net investment income	-	14,605	14,605
Capital contributions	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>486,257</b>	<b>486,257</b>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	-	42,934	42,934
Debt service			
Bond interest - 2015 Series Bonds	-	131,087	131,087
Bond principal	-	207,754	207,754
<b>Total Expenditures</b>	<b>-</b>	<b>381,775</b>	<b>381,775</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>104,482</b>	<b>104,482</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund Transfers In / (Out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES</b>	<b>-</b>	<b>104,482</b>	<b>104,482</b>
<b>FIND BALANCES – BEGINNING</b>	<b>-</b>	<b>83,596</b>	<b>83,596</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ -</b>	<b>\$ 188,078</b>	<b>\$ 188,078</b>

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

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

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

Net change in fund balances – Total government funds	\$	104,482
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment		207,754
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in accrued bond interest payable		182
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<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>312,418</b>
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These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

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

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-
Net investment income	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
General and administration	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LAREDO METROPOLITAN DISTRICT  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2023

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Laredo Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 15, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under service plan approved by Commerce City (City) on April 03, 2002. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, transportation, television relay and translator, mosquito control, water facilities, sanitary sewer, and storm drainage.

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 organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are as follows:

**Government-wide and Fund Financial Statements**

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

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

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

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

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

## **Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On October 10, 2022, the Board adopted the District's 2023 budget.

## **Pooled Cash and Investments**

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

Investments are carried at net asset value.

## **Property Taxes**

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

On May 07, 2002, District voters authorized the District to assess property taxes at no more than \$50,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters authorized the District to retain and spend all such revenue without regard to TABOR spending, revenue raising or other limitations.

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

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2023, the District's share of Specific ownership taxes was equal to approximately 6.8% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Collection Costs**

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

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

## Deferred Outflows of Resources and Deferred Inflows of Resources

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

## Equity

### Net Position

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

### Fund Balance

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

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

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

### NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments – unrestricted	\$ -
Cash and investments – restricted	186,990
<b>Total cash and investments</b>	<b>\$ 186,990</b>

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

Deposits with financial institutions	\$ 7,460
Investments	179,530
<b>Total cash and investments</b>	<b>\$ 186,990</b>

#### 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 \$7,460.

#### Investments

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

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

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

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

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

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

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

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 179,530

### CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

### NOTE 4 – LONG-TERM DEBT

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

	Balance at Dec. 31, 2022	Additions	Retirements	Balance at Dec. 31, 2023	Due within one year
Series 2022 Bank Loan	\$ 2,585,000	\$ -	(\$ 207,754)	\$ 2,377,246	\$ 217,291
Accrued Interest – Series 2022 Bank Loan	10,191	130,905	( 131,087)	10,009	-
<b>Total</b>	<b>\$ 2,595,191</b>	<b>\$ 130,905</b>	<b>(\$ 338,841)</b>	<b>\$ 2,387,255</b>	<b>\$ 217,291</b>

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

**Vectra Bank Series 2022 Bank Loan:**

In 2022, the District refinanced the outstanding Series 2015 bonds into a bank loan with Vectra Bank. The Loan constitutes a general obligation of the District and secured by a pledge of the full faith and credit of the District, payable from general ad valorem taxes which may be levied without limitation of rate and in the amount necessary to pay the Loan when due against all taxable property within the District.

The Loan has a 10-year term at a fixed rate of 5.05% with semi-annual payments due on June 1 and December 1, beginning June 1, 2023 through December 1, 2032.

Outstanding principal and interest on the loan mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 217,291	\$ 120,051	\$ 337,342
2025	227,127	109,078	336,205
2026	237,750	97,608	335,358
2027	249,129	85,601	334,730
2028	261,301	73,020	334,322
2029-2032	<u>1,184,648</u>	<u>153,303</u>	<u>1,337,949</u>
<b>Total</b>	<b><u>\$ 2,377,246</u></b>	<b><u>\$ 638,661</u></b>	<b><u>\$ 3,015,906</u></b>

**Events of Default – Series 2022 Loan**

The following events are considered events of default under the 2022 Loan Agreement: (1) The District fails to impose the Required Mill Levy or to apply the Pledged Revenue as required by Loan Agreement, (2) the District fails to pay the principal of or interest on the 2022 Loan, (3) the District defaults in the performance of any of the covenants in the Loan Agreement and fails to remedy the same within 30 days after notice thereof is provided to the District by Bank, (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2022 Loan, (5) the 2022 Loan or any provision thereof is declared invalid, the validity of any provision of the 2022 Loan is contested by the District or the District denies it has any further liability under the 2022 Loan and (6) any funds or investments on deposit in or otherwise to the credit of the Loan Account becomes subject to any writ, judgement, warrant of attachment, execution or similar process. Available remedies for an Event of Default are (1) the Bank initiating a lawsuit against the District and (2) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

**Debt Authorization**

**Debt Authorization – Service Plan**

The District’s service plan limits the District's debt service to a Maximum Mill Levy of 50.000 mills, provided, however, that in the event the method of calculating the assessed valuation is changed after the date of the approved service plan (2002), the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes. As of January 1, 2002, the ratio was 9.15%. The ratio for 2023 was 7.15%, which caused the District’s Maximum Mill Levy for debt service for 2023 to be 63.986.

## Debt Authorization – TABOR

As of December 31, 2023, the District is prohibited from issuing any debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District’s voters in compliance with TABOR.

## NOTE 5 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 7). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2023:

**Developer Advance and Reimbursement Agreement.** On June 06, 2002, the District and the Developer entered into an Advance and Reimbursement Agreement (AR Agreement) in which the Developer agreed to fund costs related to the District’s organization and periodically fund, when shortfalls arise from other revenue sources, the District’s ongoing operating and administrative costs. In exchange, the District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District in its discretion. Simple interest accrues on this contingent obligation, until paid, at the rate of eight percent (8%) per annum.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Developers Advances – Organizational & Operational Costs			
Beginning Balance (Jan. 01, 2023)	\$ 76,000	\$ 93,946	\$ 169,946
Additional advances	-	6,080	6,080
Payments to the Developers	-	-	-
<b>Ending Balance (Dec. 31, 2023)</b>	<b>\$ 76,000</b>	<b>\$ 100,026</b>	<b>\$ 176,026</b>

This AR Agreement shall continue until either (1) the District repays the Developer all amounts accrued under this Agreement or (2) both the Developer and the District mutually agree to terminate the Agreement.

**Infrastructure Acquisition Agreement.** On June 06, 2002, the District and the Developer entered into an Infrastructure Acquisition Agreement (IA Agreement) in which the Developer agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to acquire such improvements from the Developer. No interest accrues on this contingent obligation.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Developers Advances – Capital Costs			
Beginning Balance (Jan. 01, 2023)	\$ 1,014,922	\$ -	\$ 1,014,922
Additional advances	-	-	-
Payments to the Developers	-	-	-
<b>Ending Balance (Dec. 31, 2023)</b>	<b>\$ 1,014,922</b>	<b>\$ -</b>	<b>\$ 1,014,922</b>

## **NOTE 6 – NET POSITION (DEFICIT)**

### **Restricted Net Position**

The District's restricted net position as of December 31, 2023 in the general fund and debt service fund totaled \$0, and \$185,547, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2022 Loan. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

### **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2023 in the general fund and debt service fund totaled \$0 and \$2,531, respectively. These balances were created due to the District prepaying certain 2024 expenses in 2023.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2023 totaled (\$2,387,255). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and the District.

## **NOTE 7 – RELATED PARTIES**

None of the directors that served on the District's board in 2023 reported any conflicts of interest arising from their participation on the District's board.

The District entered into two agreements (described in Note 5) with Southwest Chambers, LLC (SWC). At the time the District entered into these agreements, all directors on the Board were employees or owners of SWC and therefore had conflicts of interest regarding their service on the District Board.

## **NOTE 8 – RISK MANAGEMENT**

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

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

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

## **NOTE 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 May 07, 2002, District voters authorized the District to assess property taxes at no more than \$50,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

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

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

## **SUPPLEMENTARY INFORMATION**

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

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 441,000	\$ 441,404	\$ 404
Specific ownership taxes	33,100	30,248	(2,852)
Net investment income	500	14,605	14,105
Capital contributions	-	-	-
<b>Total Revenues</b>	<u>474,600</u>	<u>486,257</u>	<u>11,657</u>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	48,300	42,934	5,366
Debt service			
Bond interest – 2015 Series Bonds	131,000	131,087	(87)
Bond principal	294,800	207,754	87,046
<b>Total Expenditures</b>	<u>474,100</u>	<u>381,775</u>	<u>92,325</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>500</u>	<u>104,482</u>	<u>103,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	500	104,482	103,982
<b>FUND BALANCE – BEGINNING</b>	<u>63,200</u>	<u>83,596</u>	<u>20,396</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 63,700</u>	<u>\$ 188,078</u>	<u>\$ 124,378</u>

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

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

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
District management and accounting fees	\$ 23,500	\$ 23,496	\$ 4
Administrative costs	2,000	881	1,119
Audit fees	7,500	7,150	350
Collection fees – County Treasurer	6,000	6,641	(641)
Board of Directors’ fees	1,500	1,200	300
Board training and conferences	3,000	-	3,000
Board election expenses	-	61	(61)
Insurance	2,800	2,521	279
Newsletter publication costs	-	984	(984)
Legal fees	-	-	-
Miscellaneous	2,000	-	2,000
<b>Total Direct and Indirect Collection Costs</b>	<b><u>\$ 48,300</u></b>	<b><u>\$ 42,934</u></b>	<b><u>\$ 5,366</u></b>

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

LAREDO METROPOLITAN DISTRICT  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
 December 31, 2023

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

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2024	217,291	120,051	5.050%	337,342
2025	227,127	109,078	5.050%	336,205
2026	237,750	97,608	5.050%	335,358
2027	249,129	85,601	5.050%	334,730
2028	261,301	73,020	5.050%	334,322
2029	274,377	59,825	5.050%	334,202
2030	288,332	45,969	5.050%	334,300
2031	303,117	31,408	5.050%	334,525
2032	318,822	16,101	5.050%	334,922
	<b>\$ 2,377,246</b>	<b>\$ 638,661</b>		<b>\$ 3,015,906</b>

The original face value of this loan totaled \$2,585,000. Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>, and principal payments are due each year on December 1<sup>st</sup>.

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

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2019	\$ 10,743,780	-	41.000	440,500	440,493	100.00%
2020	12,843,370	2.271	34.298	469,684	466,923	99.4%
2021	13,034,810	-	33.794	440,500	440,644	100.00%
2022	14,355,910	-	30.684	440,500	443,003	100.56%
2023	14,310,860	-	30.819	441,000	441,404	100.1%
2024	17,213,460	-	25.619	441,000	[TBD]	[TBD]

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

## OTHER SUPPLEMENTARY INFORMATION

LAREDO METROPOLITAN DISTRICT  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
December 31, 2023

	2022 Mill Levy*	2023 Mill Levy **	Change
Adams County	26.967	26.835	(0.132)
Central Colorado Water Conservation District	1.068	0.891	(0.177)
Commerce City	3.110	2.550	(0.560)
Commerce City North Infrastructure GID	14.000	8.000	(6.000)
Fire District No 6 Greater Brighton	15.320	16.744	1.424
Laredo Metro District	30.819	25.619	(5.200)
Rangeview Library District	3.615	3.653	0.038
Regional Transportation District	0.000	0.000	0.000
School District 27-Brighton	56.290	56.290	0.000
South Adams County Water & Sanitation District	2.424	1.966	(0.458)
Urban Drainage & Flood Control District	0.900	0.900	0.000
Urban Drainage South Platte District	0.100	0.100	0.000
<b>Total Mill Levy</b>	<b>154.613</b>	<b>143.548</b>	<b>(11.065)</b>

\* -- For property tax collections in 2023

\*\* -- For property tax collections in 2024

LAREDO METROPOLITAN DISTRICT  
**HISTORICAL DEBT RATIOS**  
 December 31, 2023

	2019	2020	2021	2022	2023
General Obligation Bonds	\$ 4,090,000	\$ 3,915,000	\$ 3,735,000	\$ -	\$ -
Accrued, unpaid interest	\$ 10,191	\$ 10,191	\$ 10,191	\$ 10,191	\$ 10,009
2022 Series Loan	\$ -	\$ -	\$ -	\$ 2,585,000	\$ 2,377,246
Combined assessed property values within the District	\$12,843,370	\$13,034,810	\$14,355,910	\$14,310,860	\$17,213,460
Ratio of debt to assessed property values	31.9%	30.0%	26.1%	18.1%	13.9%