

**Eagle Brook Meadows Metropolitan District No. 1**

**Financial Statements**  
with Independent Auditor's Report

**December 31, 2023**



# Eagle Brook Meadows Metropolitan District No. 1

Table of Contents  
December 31, 2023

<b>Independent Auditor's Report</b> .....	1
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position .....	4
Statement of Activities .....	5
<i>Governmental Funds</i>	
Balance Sheet .....	6
Statement of Revenues, Expenditures and Changes in Fund Balances .....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	8
<i>Notes to Financial Statements</i> .....	9
<b>Required Supplementary Information</b>	
<i>Budgetary Comparison Schedule</i>	
General Fund.....	19
<i>Notes to Required Supplementary Information</i> .....	20
<b>Supplementary Information</b>	
<i>Budgetary Comparison Schedule</i>	
Capital Projects Fund .....	21



**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of Directors  
Eagle Brook Meadows Metropolitan District No. 1  
Loveland, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Brook Meadows Metropolitan District No. 1 (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 governmental activities, the and each major fund of the District as of December 31, 2023, and the respective changes in financial position 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.

#### Office Locations:

Colorado Springs, CO  
Denver, CO  
Frisco, CO  
Tulsa, OK

#### Denver Office:

750 W. Hampden Avenue,  
Suite 400  
Englewood,  
Colorado 80110  
TEL: 303.796.1000  
FAX: 303.796.1001  
[www.HinkleCPAs.com](http://www.HinkleCPAs.com)

***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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



The District has omitted the 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 financial reporting for placing the basic financial statements in an appropriate operational, 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. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
December 18, 2024



## **Basic Financial Statements**

**Eagle Brook Meadows Metropolitan District No. 1**  
Statement of Net Position  
December 31, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Investments	\$ 463,453
Accounts Receivables	9,738
Property Taxes Receivable	798
Due from County Treasurer	3
Due from Other Districts	5,425
Construction Deposits	118,796
Prepaid Expenses	14,060
Capital Assets, <i>Not being Depreciated</i>	<u>22,859,481</u>
Total Assets	<u>23,471,754</u>
<b>Liabilities</b>	
Accounts Payable	168,493
Retainage Payable	1,663
Other Payables	2,625
Accrued Interest	1,573,528
Noncurrent Liabilities	
Due in More Than One Year	<u>10,473,951</u>
Total Liabilities	<u>12,220,260</u>
<b>Deferred Inflows of Resources</b>	
Deferred Property Taxes	<u>798</u>
Total Deferred Inflows of Resources	<u>798</u>
<b>Net Position</b>	
Net Investment in Capital Assets	12,385,530
Restricted for Emergencies	2,879
Unrestricted	<u>(1,137,713)</u>
Total Net Position	<u>\$ 11,250,696</u>

**Eagle Brook Meadows Metropolitan District No. 1**  
Statement of Activities  
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position
<b>Primary Government</b>			
<i>Governmental Activities</i>			
General Government	\$ 409,252	\$ 332,054	\$ (77,198)
Interest and Related Costs on Long-Term Debt	<u>774,774</u>	<u>-</u>	<u>(774,774)</u>
Total Governmental Activities	<u>\$ 1,184,026</u>	<u>\$ 332,054</u>	<u>(851,972)</u>
<b>General Revenues</b>			
Property and Other Taxes			(619)
Interest and Other			<u>7,331</u>
Total General Revenues and Transfers			<u>6,712</u>
<b>Change in Net Position</b>			(845,260)
<b>Net Position, Beginning of Year</b>			<u>12,095,956</u>
<b>Net Position, End of Year</b>			<u>\$ 11,250,696</u>

# Eagle Brook Meadows Metropolitan District No. 1

## Balance Sheet Governmental Fund December 31, 2023

	General	Capital Projects	Total
<b>Assets</b>			
Cash and Investments	\$ 463,453	\$ -	\$ 463,453
Accounts Receivables	9,738	-	9,738
Property Taxes Receivable	798	-	798
Due from County Treasurer	3	-	3
Due from Other Districts	5,425	-	5,425
Construction Deposits	118,796	-	118,796
Prepaid Expenses	14,060	-	14,060
 Total Assets	 \$ 612,273	 \$ -	 \$ 612,273
<b>Liabilities Deferred Inflows and Fund Balance</b>			
<i>Liabilities</i>			
Accounts Payable	\$ 168,493	\$ -	\$ 168,493
Retainage Payable	1,663	-	1,663
Other Payables	2,625	-	2,625
 Total Liabilities	 172,781	 -	 172,781
<i>Deferred Inflows</i>			
Deferred Property Taxes	798	-	798
<i>Fund Balance</i>			
Nonspendable	14,060	-	14,060
Restricted	2,879	-	2,879
Unrestricted, Unassigned	421,755	-	421,755
 Total Fund Balance	 438,694	 -	 438,694
 Total Liabilities, Deferred Inflows and Fund Balance	 \$ 612,273	 \$ -	 \$ 612,273

**Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:**

Total Fund Balance of the Governmental Funds	\$ 438,694
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	22,859,481
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Developer Advances - Operating	(933,127)
Developer Advances - Capital	(9,540,824)
Accrued Interest	(1,573,528)
Total Net Position of Governmental Activities	\$ 11,250,696

**Eagle Brook Meadows Metropolitan District No. 1**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended December 31, 2023

	General	Capital Projects	Total
<b>Revenues</b>			
Charges for Services	\$ 332,054	\$ -	\$ 332,054
Taxes	(619)	-	(619)
Interest and Other	7,331	-	7,331
Total Revenues	338,766	-	338,766
<b>Expenditures</b>			
General Government	403,214	6,038	409,252
Capital Outlay	-	38,660	38,660
Total Expenditures	403,214	44,698	447,912
<b>Revenues Over (Under) Expenditures</b>	(64,448)	(44,698)	(109,146)
<b>Other Financing Sources (Uses)</b>			
Development Advances	445,546	-	445,546
Transfers In (Out)	(44,698)	44,698	-
<b>Net Change in Fund Balance</b>	336,400	-	336,400
<b>Fund Balance, Beginning of Year</b>	102,294	-	102,294
<b>Fund Balance, End of Year</b>	\$ 438,694	\$ -	\$ 438,694

# Eagle Brook Meadows Metropolitan District No. 1

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities For the Year Ended December 31, 2023

### Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Funds	\$ 336,400
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	38,660
The repayment of bond principal and capital lease obligations is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
Proceeds from the Issuance of Development Advances - Operating	(157,000)
Proceeds from the Issuance of Development Advances - Capital	(288,546)
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. This includes the changes in the following:	
Accrued interest payable	<u>(774,774)</u>
Change in Net Position of Governmental Activities	<u>\$ (845,260)</u>

# Eagle Brook Meadows Metropolitan District No. 1

Notes to Financial Statements

December 31, 2023

## Note 1: Summary of Significant Accounting Policies

Eagle Brook Meadows Metropolitan District No. 1 (the District) was established to provide financing for the construction, acquisition, and operation and maintenance of water, wastewater, streets, and other public improvement. The District is governed by a five-member Board of Directors elected by the eligible electors.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

### **Reporting Entity**

In accordance with governmental accounting standards, the District considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (GASB), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

### **Government-wide Financial Statements**

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the accrual basis of accounting related to the *governmental-type activities* of the District, which rely to a significant extent on property taxes and specific ownership taxes. The Statement of Activities demonstrates the degree to which expenses of the governmental-type activities are supported by property tax and specific ownership taxes.

The governmental-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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Governmental Fund Financial Statements**

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

#### **Governmental Funds**

The District consists of two governmental funds reported as separate columns in the fund financial statements. The governmental funds information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenue, expenditures, and change in fund balance for the General Fund.

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for the resources accumulated to be used for the construction and/or acquisition of capital assets within the District.

#### **Cash and Cash Equivalents**

The District considers cash and cash equivalents to include cash on hand, unrestricted demand deposits, money market accounts, and investments with original maturities of three months or less.

#### **Fair Value of Financial Instruments**

The District's financial instruments include various accounts receivable, accrued liabilities and deferred inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2023, does not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

# Eagle Brook Meadows Metropolitan District No. 1

Notes to Financial Statements

December 31, 2023

## Note 1: Summary of Significant Accounting Policies (Continued)

### **Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred, if applicable.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position and fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, that statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **Property Taxes**

Property taxes are levied on December 15 and attach an enforceable lien on the respective property on January 1. Taxes are payable in full on or before April 30 or in two installments on February 28 and June 15. The County Treasurer collects and remits the property taxes to the District on a monthly basis.

The District in its capacity as the Service District collects all property taxes on behalf of the Districts 2 and 3, reflected as service fees, and then transfers the debt service portion of the property taxes to the respective Districts.

### **Net Position**

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

# Eagle Brook Meadows Metropolitan District No. 1

Notes to Financial Statements

December 31, 2023

## Note 1: Summary of Significant Accounting Policies (Continued)

### Net Position (Continued)

*Net investment in capital assets* - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

*Restricted net position* - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* - consists of all other net positions that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

### Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting* and *Governmental Fund Type Definitions*. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

#### Non-Spendable

Represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact.

#### Restricted

Represents amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

#### Committed

Represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose unless the District's Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Fund Balance** (Continued)

##### **Assigned**

Represents amounts that the District intends to use for specific purposes as expressed by the District's Board of Directors or a District official delegated the authority to assign amounts.

##### **Unassigned**

Represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

#### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP involves the use of the District management's estimates that may affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses as applicable, during the reporting period. These estimates are based upon District management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

#### **Subsequent Events**

We have evaluated subsequent events through December 18, 2024, the date the financial statements were available to be issued.

### Note 2: Cash and Investments

#### **Deposits**

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the District had \$119,584 collateralized with securities held by the financial institution's agent but not in the District's name.

# Eagle Brook Meadows Metropolitan District No. 1

Notes to Financial Statements

December 31, 2023

## Note 2: Cash and Investments (Continued)

### **Investments**

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

### **Credit Risk**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

### **Custodial and Concentration of Credit Risk**

None of the District's investments are subject to custodial or concentration of credit risk.

### **Interest Rate Risk**

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

### **Local Government Investment Pools**

At December 31, 2023, the District had a total of \$77,925 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pool are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7.

The pool is measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### Note 3: Capital Assets

The changes in the District's capital assets for the year ended December 31, 2023, are as follows:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital Assets, <i>Not Being Depreciated</i>				
Construction in Progress	\$ 22,820,821	\$ 38,660	\$ -	\$ 22,859,481
Total Capital Assets, <i>net</i>	\$ 22,820,821	\$ 38,660	\$ -	\$ 22,859,481

### Note 4: Long-Term Debt

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

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Due Within One Year
Development Advances - Operating	\$ 776,127	\$ 157,000	\$ -	\$ 933,127	\$ 933,127
Development Advances - Capital	9,252,278	288,546		9,540,824	9,540,824
Total	\$ 10,028,405	\$ 445,546	\$ -	\$ 10,473,951	\$ 10,473,951

### Developer Advances

On December 20, 2018, the District entered into an Improvement Acquisition, Advance and Reimbursement Agreement ("Capital Agreement") with Front Range Investment Holdings, LLC ("Front Range") pursuant to which Front Range agreed to construct public improvements for acquisition by the District or advance funds to the District for the District's construction of public improvements, and the District agreed to repay Front Range for such costs including the District's organizational costs incurred by Front Range, in an amount not to exceed \$14,000,000 ("Debt Limit"). To evidence the District's reimbursement obligation for costs incurred by, or funds advanced from, Front Range, the District issued a subordinate promissory note ("Original Note") to Front Range in an amount not to exceed the Debt Limit, with an interest rate of the Prime Interest Rate (as reported on the date of issuance by The Wall Street Journal) plus 3% up to a maximum total interest rate of 8.5%, simple interest, and a maturity date of December 19, 2058. Repayment of the note is subject to annual appropriations by the District.

On October 18, 2019, the District and Front Range entered into a First Amendment to the Capital Agreement for purposes of increasing the amount of funds to be incurred or advanced by Front Range to the District to an amount not to exceed \$17,500,000. In connection with this First Amendment, the District refunded the Original Note and issued a new subordinate promissory note on the same date, to Front Range, in an amount not to exceed \$17,500,000, at the same interest rate and with the same maturity date as the Original Note with repayment subject to annual appropriations by the District ("2019 Note"); provided, however, the District may use bond proceeds to repay the 2019 Note in an amount not to exceed the Debt Limit, and any amounts in excess of the Debt Limit, may be repaid with any other legally available revenues of the District.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### **Note 4: Long-Term Debt** (Continued)

#### **Developer Advances** (Continued)

On January 1, 2021 the District entered into a Second Amendment to the Capital Agreement to increase the amount of advances or acquisition costs to be received or incurred by the District, up to an amount not to exceed \$26,000,000. On the same date, the District refunded the 2019 Note and issued a new subordinated note in an amount not to exceed \$26,000,000 with the same terms as the 2019 note.

On November 4, 2021, the District and Front Range entered into a Third Amendment to Capital Agreement to allow the District to receive advances through December 31, 2022 and to modify assignment terms. The 2021 Note and a new subordinate note issued to Front Range on the same terms as the 2021 Note.

On November 15, 2022, the District and Front Range entered into the Fourth Amendment to the Capital Agreement to extend the term for Front Range to advance funds to the District through December 31, 2023.

On November 2, 2023, the District and Front Range entered into the Fifth Amendment to the Capital Agreement to extend the term for Front Range to advance funds to the District through December 31, 2024.

On January 1, 2021, the District and Front Range entered into a 2021 Funding and Reimbursement Agreement ("Operating Agreement") to consolidate all understandings and commitments related to the funding and repayment of operating costs included in the 2020 Funding and Reimbursement Agreement and 2019 Funding and Reimbursement Agreement. As part of the Operating Agreement, Front Range agreed to advance funds to the District during 2021, in an amount not to exceed \$475,000, to pay costs associated with the District's operations and maintenance and other budgeted general fund expenditures. To evidence the District's reimbursement obligation for the advance funds, the District issued a subordinate promissory note to Front Range in an amount not to exceed \$475,000. No interest accrued on the note. The terms of the note provide for a maturity date of December 31, 2021, and further provide that in the event the District cannot repay all amounts due and owing at the maturity date, the District shall, refund the note by issuing a new note on similar terms, with a maturity date of December 31, 2022.

On November 4, 2021, the District and Front Range entered into a First Amendment to Operating Agreement to increase the amount of funds to be advanced to the District in an amount not to exceed \$750,000 through December 31, 2022 and revised terms of issuing subordinate notes. On the same date, the District refunded the 2021 Note to Front Range and issued a new subordinated note in an amount not to exceed \$750,000 with a maturity date of December 19, 2058, with no interest.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### **Note 4: Long-Term Debt** (Continued)

#### **Developer Advances** (Continued)

On November 15, 2022, the District and Front Range entered into a Second Amendment to the Operating agreement to increase the amount of advances to be received from Front Range to \$1,000,000 through December 31, 2023. On the same date, the District refunded the 2021 Note and issued a new subordinated note to Front Range in an amount not to exceed \$1,000,000, with a maturity date of December 19, 2058, with no interest ("2022 Note").

On February 2, 2023, the District and Front Range entered into a Third Amendment to the Operating Agreement to increase the amount of advances to be received from Front Range to \$1,100,000 through December 31, 2023. On the same date, the District refunded the 2022 Note and issued a new subordinate note to Front Range in an amount not to exceed \$1,100,000 with a maturity date of December 19, 2058, with no interest.

On November 2, 2023, the District and Front Range entered into a Fourth Amendment to the Operating Agreement to increase the amount of advances to be received from Front Range to \$1,150,000 through December 31, 2024. On the same date, the District refunded the 2023 Note and issued a new subordinate note to Front Range in an amount not to exceed \$1,150,000 with a maturity date of December 19, 2058, with no interest.

#### **Debt Issuance Authorization**

Per the Consolidated Service Plan for District, the District together with Eagle Brook, Meadows Metropolitan District No. 2 and 3 may incur a maximum of \$14,000,000 of debt.

### **Note 5: Related Parties**

All the members of the Board of Directors are under contract to purchase taxable property from Front Range. In addition, certain members of the Board of Directors of the District are employees or are otherwise affiliated with Front Range. The District owes Front Range \$10,473,951 in note principal and \$1,573,528 in accrued interest as of December 31, 2023.

### **Note 6: Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. These risks are covered by commercial insurance purchased from independent insurance brokers. Settled claims have not exceeded this commercial coverage in any of the past three years.

# Eagle Brook Meadows Metropolitan District No. 1

## Notes to Financial Statements

December 31, 2023

### Note 7: Commitments and Contingencies

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

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of the 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. As of December 31, 2023, the District recorded an emergency reserve of \$2,879 in the General Fund.

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 calculation of the fiscal year spending limits may require judicial interpretation.

### Note 8: Restatement of Prior Year Balances

The District recorded Deferred Developer Advances from Front Range in prior years in error in the amount of \$86,684. This should have been recorded as developer advances from Front Range as soon as they were both measurable and available. The liabilities, fund balance and net position as of December 31, 2022, were restated as follows:

	<u>2022 Balances as Reported</u>	<u>Deferred Developer Advances</u>	<u>2022 Balances as Restated</u>
<b>General Fund</b>			
Statement of Net Position			
Liabilities	\$ <u>14,627,478</u>	\$ <u>(86,684)</u>	\$ <u>14,540,794</u>
Fund Balance	\$ <u>15,610</u>	\$ <u>86,684</u>	\$ <u>102,294</u>
<b>Governmental Activities</b>			
Statement of Net Position			
Liabilities	\$ <u>11,005,832</u>	\$ <u>(86,684)</u>	\$ <u>10,919,148</u>
Net Position	\$ <u>12,009,272</u>	\$ <u>86,684</u>	\$ <u>12,095,956</u>

## **Required Supplementary Information**

**Eagle Brook Meadows Metropolitan District No. 1**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 351,125	\$ 351,125	\$ 332,054	\$ (19,071)
Taxes	161	161	(619)	(780)
Interest and Other	-	-	7,331	7,331
Total Revenues	<u>351,286</u>	<u>351,286</u>	<u>338,766</u>	<u>(12,520)</u>
<b>Expenditures</b>				
General Government	500,452	470,452	403,214	67,238
Contingency	5,000	5,000	-	5,000
Total Expenditures	<u>505,452</u>	<u>475,452</u>	<u>403,214</u>	<u>72,238</u>
<b>Revenues Over (Under) Expenditures</b>	(154,166)	(124,166)	(64,448)	59,718
<b>Other Financing Sources (Uses)</b>				
Development Advances	157,084	157,084	445,546	288,462
Transfers (out)	-	-	(44,698)	(44,698)
<b>Net Change in Fund Balance</b>	2,918	32,918	336,400	303,482
<b>Fund Balance, Beginning of Year</b>	<u>15,251</u>	<u>15,251</u>	<u>102,294</u>	<u>87,043</u>
<b>Fund Balance, End of Year</b>	<u>\$ 18,169</u>	<u>\$ 48,169</u>	<u>\$ 438,694</u>	<u>\$ 390,525</u>

# Eagle Brook Meadows Metropolitan District No. 1

Notes to Required Supplementary Information  
December 31, 2023

## Note 1: Stewardship, Compliance, and Accountability

### Budgets

A budget is legally adopted for the District. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the District Board of Directors a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the District Board of Directors.
- Budgets are legally adopted for all funds of the District. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Colorado governments may not exceed budgeted appropriations at the fund level.
- All appropriations lapse at year end.

**Eagle Brook Meadows Metropolitan District No. 1**  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Expenditures</b>			
General Government	\$ 10,000	\$ 6,038	\$ 3,962
Capital Outlay	321,994	38,660	283,334
Contingency	50,000	-	50,000
Total Expenditures	<u>381,994</u>	<u>44,698</u>	<u>337,296</u>
<b>Other Financing Sources (Uses)</b>			
Development Advances	381,994	-	(381,994)
Transfers in	-	44,698	44,698
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	-
<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>