

MULBERRY METROPOLITAN DISTRICT NO. 1

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2023



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Independent Auditors' Report

To the Board of Directors
Mulberry Metropolitan District No. 1

Opinion

We have audited the accompanying financial statements of the governmental activities and the major funds of Mulberry 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 the governmental activities 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 auditors' report that includes our opinion.

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 Mulberry Metropolitan District No. 1'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 Mulberry Metropolitan District No. 1'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

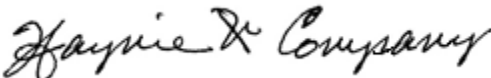
Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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.

Accounting principles generally accepted in the United States of America require that general fund budget and actual statement, as listed in the table of contents, be presented to supplement the 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 required supplementary 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.

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. Capital fund budget to actual statement, as listed in the table of contents, 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 Capital fund budget to actual statement, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
July 22, 2024

BASIC FINANCIAL STATEMENTS

Mulberry Metropolitan District No. 1
Statement of Net Position
December 31, 2023

Assets	<u>Governmental Activities</u>
Cash and investments	\$ 2,671
Developer advance receivables	1,015,711
Taxes receivable	43
Operating service fees	2
Prepaid expenses	12,495
Noncurrent assets	
Capital assets, net of depreciation	<u>27,791,118</u>
Total assets	<u><u>\$ 28,822,040</u></u>
Liabilities	
Accounts payable	\$ 21,224
Retainage payable	994,487
Accrued interest	77,314
Non-current liabilities:	
Developer advances	<u>10,068,493</u>
Total liabilities	<u><u>11,161,518</u></u>
Deferred Inflows of Resources	
Property tax revenue	<u>43</u>
Total deferred inflows of resources	<u><u>43</u></u>
Net Position	
Net investment in capital assets	17,722,625
Restricted for:	
Capital projects	65
Emergency	4,659
Unrestricted	<u>(66,870)</u>
 Total Net Position	 <u>17,660,479</u>
Total Liabilities, Net Position and Deferred Inflows of Resources	 <u><u>\$ 28,822,040</u></u>

The accompanying notes are an integral part of these financial statements.

Mulberry Metropolitan District No. 1
Statement of Activities
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services and other fees</u>	<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 232,616	\$ 494	\$ (232,122)
Total governmental activities	<u>232,616</u>	<u>494</u>	<u>(232,122)</u>
			\$ 17,972,466
			37
			3
			<u>96</u>
			<u>17,972,602</u>
			17,740,480
			<u>(80,001)</u>
			<u>\$ 17,660,479</u>

The accompanying notes are an integral part of these financial statements.

Mulberry Metropolitan District No. 1
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2023

	General Fund	Capital Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 2,606	\$ 65	\$ 2,671
Accounts receivable:			
Developer advance receivables	21,224	994,487	1,015,711
Taxes receivable	43	-	43
Operating service fees	2	-	2
Prepaid expenses	<u>12,495</u>	<u>-</u>	<u>12,495</u>
Total assets	<u>\$ 36,370</u>	<u>\$ 994,552</u>	<u>\$ 1,030,922</u>
Liabilities			
Accounts payable	\$ 21,224	\$ -	\$ 21,224
Retainage payable	<u>-</u>	<u>994,487</u>	<u>994,487</u>
Total liabilities	<u>21,224</u>	<u>994,487</u>	<u>1,015,711</u>
Deferred Inflows of Resources			
Deferred property tax revenue	<u>43</u>	<u>-</u>	<u>43</u>
Total deferred inflows of resources	<u>43</u>	<u>-</u>	<u>43</u>
Fund Balances			
Nonspendable			
Prepays	12,495	-	12,495
Restricted:			
Capital projects	-	65	65
Emergency reserves	4,659	-	4,659
Unassigned	<u>(2,051)</u>	<u>-</u>	<u>(2,051)</u>
Total Fund Balances	<u>15,103</u>	<u>65</u>	<u>15,168</u>
Total Liabilities, Fund Balance and Deferred Inflows of Resources	<u>\$ 36,370</u>	<u>\$ 994,552</u>	<u>\$ 1,030,922</u>
Total governmental fund balance per above			\$ 15,168
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			27,791,118
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:			
Developer advances			(10,068,493)
Accrued interest			<u>(77,314)</u>
Net position of governmental activities			<u>\$ 17,660,479</u>

The accompanying notes are an integral part of these financial statements.

Mulberry Metropolitan District No. 1
Governmental Fund Revenues, Expenditures
and Change in Fund Balances
For the Year Ended December 31, 2023

	General Fund	Capital Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 37	\$ -	\$ 37
Specific ownership taxes	3		3
Service fees - Mulberry No 2-6	494		494
Interest and other income	31	65	96
Total General Revenues	565	65	630
Expenditures			
General and Administrative:			
Accounting and finance	34,440	-	34,440
Audit	8,000	-	8,000
District management	32,970	-	32,970
Election	3,349	-	3,349
Insurance	12,456	-	12,456
Legal	60,531	-	60,531
Office, dues and other	2,786	-	2,786
Operations and Maintenance:			
Facilities management	770	-	770
Capital outlay	-	27,791,118	27,791,118
Total Expenditures	155,302	27,791,118	27,946,420
Excess revenues over (under) expenditures	(154,737)	(27,791,053)	(27,945,790)
Other financing sources (uses)			
Developer advances	150,634	9,818,652	9,969,286
Transfer from Mulberry No. 2	-	17,972,466	17,972,466
Total other financing sources (uses)	150,634	27,791,118	27,941,752
Net change in fund balances	(4,103)	65	(4,038)
Fund balances:			
Beginning of year	19,206	-	19,206
End of year	\$ 15,103	\$ 65	\$ 15,168

The accompanying notes are an integral part of these financial statements.

Mulberry Metropolitan District No. 1
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
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—total governmental funds	\$	(4,038)
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In the statement of activities, capital outlay is not reported as an expenditure:

Capital asset additions		27,791,118
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Long-term debt 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. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

Developer advances		(9,969,286)
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Accrued interest - change in liability		<u>(77,314)</u>
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Change in net position of governmental activities	\$	<u>17,740,480</u>
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The accompanying notes are an integral part of these financial statements.

Mulberry Metropolitan District No. 1

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

Mulberry Metropolitan District No. 1 (the “District”), a quasi-municipal and political subdivision of the State of Colorado was organized on May 18, 2022 and is governed pursuant the Colorado Special District Act ((§32-1-101, et al, C.R.S.). The District operates under a Consolidated Service Plan (the “Service Plan”) approved by the City of Fort Collins (the “City”) on April 16, 2019. The District’s service area is located in Fort Collins, Colorado.

The District was established with the power to provide for the financing, construction, installation, operation and maintenance of public infrastructure and improvements serving an approximately 226 acre residential and commercial development in the City of Fort Collins. The District was organized in conjunction with five other related Districts – Mulberry Metropolitan Districts No. 2-6. The District services as the Coordinating District which is responsible for performing administrative services on behalf of the Mulberry Districts Nos 2-6 (Financing Districts) which are responsible for providing the tax base needed to support the financing of public infrastructure required by the development. The District will also own, operate and maintain all public improvements within the boundaries of the Districts in accordance with the Service Plan and any approved development plans for the Project.

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

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

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

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation 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 Capital Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted 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 the 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 presented on the modified accrual basis of accounting unless otherwise indicated.

In 2023, The District's expenditures exceeded budgeted appropriates in the Capital Fund, which may be a violation of State statutes.

Property Taxes

Property taxes are levied by the District 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 for the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets, which are anticipated to be conveyed to other governmental entities, are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Fund Balance

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

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 9).

The restricted fund balance in the Capital Fund is to be used exclusively for the acquisition and construction of capital equipment and facilities.

New Accounting Pronouncements

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires not disclosures regarding a SBITA. The District determined the impacts of implementation to be immaterial to the financial statements.

3. Cash and Investments

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 equal to 102% of the aggregate uninsured deposits.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

3. Cash and Investments (continued)

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

At December 31, 2023, the District had a bank balance of \$2,044 which was FDIC Insured.

Investments

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

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

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

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

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities.
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
COLOTRUST	Weighted average under 60 days	\$ 562

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

3. Cash and Investments (continued)

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. The three portfolios differ in the types of investments held, but all invest in investments allowed by Colorado statutes for local governments. COLOTRUST PRIME AND COLOTRUST PLUS+ invest in securities with a weighted average maturity of 60 days or less, while COLOTRUST EDGE invests in securities with a weighted average maturity of less than five years. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owed by COLOTRUST. These pools are not required to be, and are not, registered with the SEC.

COLOTRUST PRIME and PLUS+ funds are rated AAAM by Standard & Poor's rating service. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings rating service. As of December 31, 2023, the District had \$562 invested in COLOTRUST PLUS+ and \$0 invested in COLOTRUST PRIME and EDGE. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at fair value. There are no unfunded commitments, the redemption frequency is daily for COLOTRUST PRIME AND PLUS+, and weekly for COLOTRUST EDGE. There is no redemption notice period.

4. Capital Assets

The following is an analysis of changes in capital assets for the year ended December 31, 2023:

<u>Governmental Activities</u>	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2022
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 9,818,652	\$ -	\$ 9,818,652
Water rights acquisition	-	17,972,466	-	17,972,466
Total Capital assets, not being depreciated	-	27,791,118	-	27,791,118
Total Capital assets, net	\$ -	\$ 27,791,118	\$ -	\$ 27,791,118

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

5. Long-Term Liabilities

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

<u>Governmental Activities</u>	Balance December 31, 2022	Additions	Payments	Balance December 31, 2023	Amounts Due Within One Year
Developer advances- Operating	\$ 99,208	\$ 150,634	\$ -	\$ 249,842	\$ -
Developer advances- Capital	-	9,818,651	-	9,818,651	-
Total Direct borrowings	<u>\$ 99,208</u>	<u>\$ 9,969,285</u>	<u>\$ -</u>	<u>\$ 10,068,493</u>	<u>\$ -</u>

Developer Advances- Operations and Maintenance

On June 28, 2022, the District entered into a Funding and Reimbursement Agreement (the “Agreement”) for operating and maintenance costs with Mulberry Development, LLC (the “Developer”), whereby the District agrees to reimburse the Developer for operating expenses and maintenance costs made on behalf of the District, not to exceed the aggregate of \$130,000 per annum for two years, up to \$260,000 (as the same may be subsequently increased by agreement of both parties by execution of a supplement or addendum to this Agreement). Per this Agreement prior to issuance of any Reimbursement Obligation, the interest rate shall be the Municipal Market Data (MMD) “AAA” General Obligation Yield Curve, 30-year constant maturity, plus 2 basis points per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

Developer Advances- Capital

On November 30, 2022, the District entered into an Infrastructure Financing and Reimbursement Agreement (the “Agreement”) for capital costs with Mulberry Development, LLC (the “Developer”), whereby the District agrees to reimburse the Developer for capital advances which had been, or were to be, made on behalf of the District. The amounts advanced and reimbursed shall not exceed \$58,978,595 (as the same may be subsequently increased by agreement of both parties by execution of a supplement or addendum to the Agreement). Per this Agreement prior to issuance of any Reimbursement Obligation, the interest rate shall be the Municipal Market Data (MMD) “AAA” General Obligation Yield Curve, 30-year constant maturity, plus 250 basis points per annum, from the date any such advance is made, simple interest, adjusted quarterly, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

6. Net Position

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

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

Net investment in capital assets:

Capital assets, net	\$ 27,791,118
Debt balances used to acquire capital assets	<u>(9,818,652)</u>
Net investment in capital assets:	\$ 17,972,466

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

Restricted net position:

Capital projects	\$ 65
Emergencies (see note 9)	<u>4,659</u>
	\$ 4,724

The District's unrestricted net position as of December 31, 2023 is a deficit of \$(66,871).

7. Related Parties

The Developer of the property is Mulberry Development, LLC (the "Company"). This Company is owned and operated by members of the Board of Directors. As of December 31, 2023, \$150,634 was received from the Company and \$1,015,711 is owed and receivable. During 2023, \$9,818,652 was paid towards capital outlay expenditures directly by the Company on behalf of the District.

8. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

Mulberry Metropolitan District No. 1

Notes to Financial Statements (continued)

December 31, 2023

8. Risk Management (continued)

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

9. Tax, Spending and Debt Limitations

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

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

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

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

Required Supplementary Information

Mulberry Metropolitan District No. 1
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 37	\$ 37	\$ 37	\$ -
Specific ownership taxes	2	2	3	1
Service fees - Mulberry No. 2-6	481	484	494	10
Interest and other income	-	-	31	31
Total Revenues	520	523	565	42
Expenditures				
General and administrative:				
Accounting and finance	25,500	25,500	34,440	(8,940)
Audit	7,500	7,500	8,000	(500)
District management	27,500	27,500	32,970	(5,470)
Election	2,500	2,500	3,349	(849)
District engineer	2,500	2,500	-	2,500
Insurance	12,456	12,456	12,456	-
Legal	45,000	45,000	60,531	(15,531)
Office, dues and other	4,000	4,000	2,786	1,214
Treasurer's fees	1	1	-	1
Contingency	10,000	22,909	-	22,909
Operations and maintenance				
Facilities management	5,500	5,500	770	4,730
Hardscape	10,000	10,000	-	10,000
Total Expenditures	152,457	165,366	155,302	10,064
Excess of expenditures over revenues	(151,937)	(164,843)	(154,737)	10,106
Other financing sources (uses)				
Developer advances	151,937	150,713	150,634	(79)
Total other financing sources (uses)	151,937	150,713	150,634	(79)
Net change in fund balance	-	(14,130)	(4,103)	10,027
Fund Balance—Beginning of year	14,375	19,206	19,206	-
Fund Balance—End of year	\$ 14,375	\$ 5,076	\$ 15,103	\$ 10,027

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Mulberry Metropolitan District No. 1
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Interest & Other	\$ -	\$ -	\$ 65	\$ 65
Total Revenues	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>
Expenditures				
General and administrative	-	-		-
District management	-	60,000	-	60,000
Capital outlay	-	27,730,317	27,791,118	(60,801)
Total Expenditures	<u>-</u>	<u>27,790,317</u>	<u>27,791,118</u>	<u>(801)</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(27,790,317)</u>	<u>(27,791,053)</u>	<u>(736)</u>
Other financing sources (uses)				
Developer advances	-	-	9,818,652	9,818,652
Transfers from Mulberry No. 2	-	27,790,317	17,972,466	(9,817,851)
Total other financing sources (uses)	<u>-</u>	<u>27,790,317</u>	<u>27,791,118</u>	<u>801</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>