

ADAMS EAST METROPOLITAN DISTRICT
Adams and Weld Counties, Colorado
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024

**ADAMS EAST METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	1
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	5
NOTES TO BASIC FINANCIAL STATEMENTS	6
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	17
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	19



INDEPENDENT AUDITORS' REPORT

Board of Directors
Adams East Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Adams East Metropolitan District (the District) as of and for the year ended December 31, 2024, 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 the major fund of the Adams East Metropolitan District, as of December 31, 2024, 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. 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 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.

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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the general fund budgetary comparison schedule 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 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.

Management 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 opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the schedule of assessed valuation, mill levy, and property taxes collected, but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of 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.

The Adams Group, LLC

Greenwood Village, Colorado
March 14, 2025

BASIC FINANCIAL STATEMENTS

**ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 2,233,184
Cash and Cash Equivalents - Restricted	4,602,887
Prepaid insurance	2,813
Receivable from County Treasurer	2,907
Sales Tax Receivable	218,195
Property Tax Receivable	760,740
Total Assets	7,820,726
LIABILITIES	
Accounts Payable	15,089
Total Liabilities	15,089
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax	760,740
Total Deferred Inflows of Resources	760,740
NET POSITION	
Restricted for:	
Emergency Reserve	190,800
Capital Projects	4,602,887
Net Position - Unrestricted	2,251,210
Total Net Position	\$ 7,044,897

See accompanying Notes to Basic Financial Statements.

**ADAMS EAST METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2024**

	General
ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 2,233,184
Cash and Cash Equivalents - Restricted	4,602,887
Receivable from County Treasurer	2,907
Prepaid insurance	2,813
Sales Tax Receivable	218,195
Property Tax Receivable	760,740
Total Assets	\$ 7,820,726
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 15,089
Total Liabilities	15,089
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax	760,740
Total Deferred Inflows of Resources	760,740
FUND BALANCES	
Nonspendable:	
Prepaid Expense	2,813
Restricted for:	
Emergency Reserves	190,800
Capital Projects	4,602,887
Assigned to:	
Subsequent Year's Expenditures	1,900,223
Unassigned	348,174
Total Fund Balances	7,044,897
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,820,726

See accompanying Notes to Basic Financial Statements.

**ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024**

	General
REVENUES	
Property taxes	\$ 764,342
Specific ownership taxes	36,479
Sales and Use Tax Revenue	947,494
Interest income	3,231
Miscellaneous revenue	9,353
Intergovernmental revenues	4,600,000
Total Revenues	6,360,899
EXPENDITURES	
Current:	
Accounting	21,892
Accounting consulting	30,030
Auditing	9,500
County Treasurer's fee	11,616
Directors' fees	2,800
District management	20,933
Dues and membership	1,237
Insurance	2,710
Intergovernmental expenditures	300,000
Legal	62,934
Payroll taxes	214
Repairs and maintenance	993
Total Expenditures	464,859
EXCESS OF REVENUES OVER EXPENDITURES	5,896,040
NET CHANGE IN FUND BALANCES	5,896,040
Fund Balances - Beginning of Year	1,148,857
FUND BALANCES - END OF YEAR	\$ 7,044,897

See accompanying Notes to Basic Financial Statements.

**ADAMS EAST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 5,896,040</u>
Changes in Net Position of Governmental Activities	<u><u>\$ 5,896,040</u></u>

See accompanying Notes to Basic Financial Statements.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

Adams East Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on November 10, 2010 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located in Adams County, the City of Brighton and the Town of Lochbuie, Colorado.

The District was established principally to coordinate the construction, acquisition, financing, and maintenance of public improvements, including streets and safety control, landscaping, water, sewer, storm drainage, television relay and park and recreation improvements and facilities. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the City, the Town, or the County or its designee for operation and maintenance. The District has the maintenance obligation, but not the ownership. Certain landscaping, park and recreation improvements and street lighting are maintained by the District or by an Owners' association.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

A separate financial statement is provided for the governmental fund. The major individual governmental fund is reported as an individual column in the fund financial statement.

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 and sales taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental fund:

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.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 2,233,184
Cash and Investments - Restricted	4,602,887
Total Cash and Investments	\$ 6,836,071

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	\$ 2,233,184
Investments	4,602,887
Total Cash and Investments	\$ 6,836,071

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, 2024, the District had a bank balance and carrying balance of \$2,233,184.

Investments

The District has adopted an investment policy by which it 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.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 4,602,887

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

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

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

Authorized Debt

On November 5, 2024, a majority of the eligible electors of the District authorized the issuance of indebtedness in an amount not to exceed \$594,000,000 at an interest rate not to exceed 18% per annum

At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on Month 11, 2024	Remaining at December 31, 2024
	<u> </u>	<u> </u>
Street Improvements	\$ 39,600,000	\$ 39,600,000
Park and Recreation	39,600,000	39,600,000
Water Supply	39,600,000	39,600,000
Sanitation/Storm Drainage	39,600,000	39,600,000
Transportation	39,600,000	39,600,000
Mosquito Control	39,600,000	39,600,000
Safety Protection	39,600,000	39,600,000
Security	39,600,000	39,600,000
Television Relay and Translation	39,600,000	39,600,000
Operations and Maintenance	39,600,000	39,600,000
Debt Refunding	39,600,000	39,600,000
Intergovernmental Agreement	39,600,000	39,600,000
Private Agreement Debt	39,600,000	39,600,000
Directional Drilling Debt	39,600,000	39,600,000
Mortgages	39,600,000	39,600,000
Total	<u><u>\$ 594,000,000</u></u>	<u><u>\$ 594,000,000</u></u>

The service plan limits the total indebtedness to \$39,600,000, of which \$30,502,483 is remaining.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 NET POSITION

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

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2024, consists of \$190,800 for emergency reserves and \$4,602,887 restricted for capital projects. As of December 31, 2024, the District had restricted net position as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 190,800
Capital Projects Reserve	4,602,887
Total Restricted Net Position	\$ 4,793,687

As of December 31, 2024, the District had an unrestricted balance of \$2,251,210 and a net position of \$7,044,897.

NOTE 6 RELATED PARTIES

The members of the Board of Directors of the District are employees of, owners of, or otherwise associated with S3L Holdings, LLC, SPL Commercial, LLC, WCD Corporation, and Flywheel Holdings, LLC and may have conflicts of interest in dealing with the District.

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Cost Sharing Infrastructure Agreement

Effective January 1, 2019, the District and Bromley Park Metropolitan District No. 3 (BPMD3) entered into a Cost Sharing Intergovernmental Agreement (CSIA) to designate funds and allocate responsibilities for the financing and construction of public improvements for certain projects to provide efficiencies of scale and cost by collaborating and sharing costs for those certain projects which benefit both districts. On December 10, 2024, the District and BPMD3 entered into two separate agreements for public improvements. The first agreement (Traffic Signal Project) involves the design and construction of a traffic signal at the intersection of 50th Avenue and Bridge Street. The public improvements are to be designed and constructed by the District for the benefit of BPMD3, and it is anticipated that the District, BPMD3, or the City of Brighton will acquire such improvements upon their completion. During 2024, BPMD3 remitted \$850,000 to the District pursuant to the agreement.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Cost Sharing Infrastructure Agreement (Continued)

The second agreement (Silver Peaks Mixed Use Project) involves the design, construction, and funding of public improvements. The public improvements are to be designed and constructed by the District for the benefit of BPMD3, and it is anticipated that the District, BPMD3, or the Town of Lochbuie will acquire such improvements upon their completion. During 2024, BPMD3 remitted \$3,750,000 to the District pursuant to the agreement.

Both agreements shall remain in effect until the earlier of the date on which: (i) the project fund is exhausted; (ii) the improvements are complete and fully funded from the project fund, and any remaining amounts in the project fund have been returned to BPMD3 from the District; or (iii) the Districts mutually agree to terminate the agreements.

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.

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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATION

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.

**ADAMS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)

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.

On November 2, 2010 (as re-authorized on November 3, 2015 and November 3, 2020), a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually for District operations and maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

On November 5, 2024, a majority of the District's electors authorized the District to collect, retain or spend ad valorem property taxes of \$3,000,000 (amount will be specific to each District) annually generated from a mill levy of not more than 99 mills for District operations and Maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR or Section 29-1-301, C.R.S. Additionally, electors waived the 5.25% property tax limit established in Section 29-1-1702, C.R.S., for 2025 and all future property tax years. The electors also approved mill levy increases for 2025 and subsequent years pursuant to Section 29-1-1705(2)(a), C.R.S. and the exclusion of tax revenue attributable to such increases from any applicable property tax limits in accordance with Section 29-1-1701(3)(i), C.R.S., as it currently exists or may be amended in the future.

NOTE 10 SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the District finalized a Project Statement of Work No. 3 (SOW3) with Bromley Park Metropolitan District No. 3 (BPMD3) for the Brighton Crossings development project on February 25, 2025. This agreement involves funding the construction, repair, asphalt mill and overlay, crack sealing, and striping for roadways at the project location. The total estimated cost of the project is \$414,000, with BPMD3 funding the design and construction and the District providing project management services.

Also subsequent to December 31, 2024, the District entered into an infrastructure acquisition agreement with WCD Corp in order for the Developer to design and construct the Improvements on behalf of the District with the understanding that the District, or other appropriate entities, would acquire such Improvements from the Developer when funds are available and subject to approval by the Board. On February 7, 2025, the District reimbursed WCD Corp \$145,920.12 in construction costs.

REQUIRED SUPPLEMENTARY INFORMATION

**ADAMS EAST METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 773,407	\$ 764,342	\$ (9,065)
Specific ownership taxes	54,138	36,479	(17,659)
Sales and Use Tax Revenue	750,000	947,494	197,494
Interest income	-	3,231	3,231
Miscellaneous revenue	-	9,353	9,353
Intergovernmental revenues	-	4,600,000	4,600,000
Total Revenues	<u>1,577,545</u>	<u>6,360,899</u>	<u>4,783,354</u>
EXPENDITURES			
Accounting	46,367	21,892	24,475
Accounting consulting	35,200	30,030	5,170
Auditing	10,000	9,500	500
Capital outlay	600,000	-	600,000
Contingency	8,918	-	8,918
County Treasurer's fee	11,601	11,616	(15)
Directors' fees	4,000	2,800	1,200
District management	6,600	20,933	(14,333)
Dues and membership	2,500	1,237	1,263
Insurance	5,000	2,710	2,290
Intergovernmental expenditures	750,000	300,000	450,000
Legal	15,500	62,934	(47,434)
Payroll taxes	306	214	92
Repairs and maintenance	20,000	993	19,007
Total Expenditures	<u>1,515,992</u>	<u>464,859</u>	<u>1,051,133</u>
EXCESS OF REVENUES OVER EXPENDITURES	61,553	5,896,040	5,834,487
OTHER FINANCING SOURCES (USES)			
Transfers to other fund	(561,877)	-	561,877
Total Other Financing Sources (Uses)	<u>(561,877)</u>	<u>-</u>	<u>561,877</u>
NET CHANGE IN FUND BALANCE	(500,324)	5,896,040	6,396,364
Fund Balance - Beginning of Year	<u>547,724</u>	<u>1,148,857</u>	<u>601,133</u>
FUND BALANCE - END OF YEAR	<u>\$ 47,400</u>	<u>\$ 7,044,897</u>	<u>\$ 6,997,497</u>

OTHER INFORMATION

**ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
			Total	Levied	Collected	
2019/2020	\$ 10,004,920	16.7%	25.000	\$ 250,123	\$ 250,123	100.00 %
2020/2021	11,373,580	13.7%	25.000	284,340	278,436	97.92 %
2021/2022	12,529,370	10.2%	25.424	318,547	316,341	99.31 %
2022/2023	12,567,290	0.3%	25.000	314,182	314,866	100.22 %
2023/2024	17,186,820	36.8%	45.000	773,407	764,342	98.83 %
Estimated for Year Ending December 31, 2025	\$ 16,905,340	-1.6%	45.000	\$ 760,740		

Note:

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

Source: Adams County Assessor and Treasurer.