

EAGLE MEADOW METROPOLITAN DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

CONTENTS

Independent Auditors' Report.....A1 – A3

Basic Financial Statements

 Governmental Funds Balance Sheet/Statement of Net Position.....B1

 Statement of Governmental Fund Revenues, Expenditures, and Changes in
 Fund Balances/Statement of Activities..... B2

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund.....B3

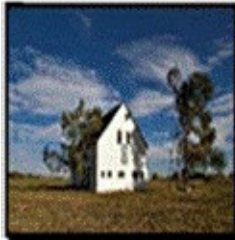
Notes to the Financial Statements.....C1 – C12

SUPPLEMENTARY INFORMATION

Budget and Actual – Debt Service Fund.....D1

Budget and Actual – Capital Projects FundD2

BASIC FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eagle Meadow Metropolitan District
Dacono, Colorado

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Eagle Meadow Metropolitan 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 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 Eagle Meadow Metropolitan 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Eagle Meadow Metropolitan 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Eagle Meadow Metropolitan 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

Management has omitted the Management Discussion & 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 Debt Service and Capital Projects Funds budget to actual schedules are presented for purposes of additional analysis and are 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 Debt Service and Capital Project's Fund budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rae & Co., CPAs, LLC

Timnath, Colorado
May 28, 2024

EAGLE MEADOW METROPOLITAN DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2023

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Assets</u> |
|---|-------------------------|------------------------------|----------------------------------|-------------------|-----------------------|------------------------------------|
| ASSETS | | | | | | |
| Cash and investments - unrestricted | \$ 2,067 | \$ 7,227 | \$ - | \$ 9,294 | \$ - | \$ 9,294 |
| Cash with County Treasurer | - | 608 | - | 608 | - | 608 |
| Property taxes receivable | - | 222,695 | - | 222,695 | - | 222,695 |
| Prepaid expenditures | 2,115 | - | - | 2,115 | - | 2,115 |
| Due from other funds | - | 31,528 | - | 31,528 | (31,528) | - |
| Cash and investments - restricted | - | 68,934 | - | 68,934 | - | 68,934 |
| Total assets | <u>\$ 4,182</u> | <u>\$ 330,992</u> | <u>\$ -</u> | <u>\$ 335,174</u> | <u>(31,528)</u> | <u>303,646</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 23,116 | \$ - | \$ - | \$ 23,116 | - | 23,116 |
| Due to other funds | 31,528 | - | - | 31,528 | (31,528) | - |
| Loans and Developer advances payable: | | | | | | |
| Due within one year | - | - | - | - | 53,000 | 53,000 |
| Due in more than one year | - | - | - | - | 5,854,306 | 5,854,306 |
| Total liabilities | <u>54,644</u> | <u>-</u> | <u>-</u> | <u>54,644</u> | <u>5,875,778</u> | <u>5,930,422</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property tax revenue | - | 222,695 | - | 222,695 | - | 222,695 |
| Total deferred inflows of resources | <u>-</u> | <u>222,695</u> | <u>-</u> | <u>222,695</u> | <u>-</u> | <u>222,695</u> |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid expenditures | 2,115 | - | - | 2,115 | (2,115) | |
| Restricted for: | | | | | | |
| Emergency reserves | 107,876 | - | - | 107,876 | (107,876) | |
| Debt service | - | 108,297 | - | 108,297 | (108,297) | |
| Assigned for: | | | | | | |
| Unassigned | (160,453) | - | - | (160,453) | 160,453 | |
| Total fund balances | <u>(50,462)</u> | <u>108,297</u> | <u>-</u> | <u>57,835</u> | <u>(57,835)</u> | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,182</u> | <u>\$ 330,992</u> | <u>\$ -</u> | <u>\$ 335,174</u> | <u>(335,174)</u> | |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Emergency reserves | | | | | 107,876 | 107,876 |
| Unrestricted | | | | | (5,957,347) | (5,957,347) |
| Total net position | | | | | <u>\$ (5,849,471)</u> | <u>\$ (5,849,471)</u> |

The notes are an integral part of these statements

EAGLE MEADOW METROPOLITAN DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Assets</u> |
|--|-------------------------|------------------------------|----------------------------------|--------------------|--------------------|------------------------------------|
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | \$ - | \$ 195,966 | \$ - | \$ 195,966 | \$ - | \$ 195,966 |
| Specific Ownership tax | - | 8,487 | - | 8,487 | - | 8,487 |
| Investment earnings | 5,966 | 2,028 | - | 7,994 | - | 7,994 |
| Total revenues | <u>5,966</u> | <u>206,481</u> | <u>-</u> | <u>212,447</u> | <u>-</u> | <u>212,447</u> |
| EXPENDITURES AND EXPENSES | | | | | | |
| Current: | | | | | | |
| County Treasurer's fee | - | 2,946 | - | 2,946 | - | 2,946 |
| Audit | 4,925 | - | - | 4,925 | - | 4,925 |
| District management and accounting | 15,000 | - | - | 15,000 | - | 15,000 |
| Office | 1,277 | - | - | 1,277 | - | 1,277 |
| Insurance and bonds | 2,113 | - | - | 2,113 | - | 2,113 |
| Legal | 22,803 | - | - | 22,803 | - | 22,803 |
| Elections | 6,009 | - | - | 6,009 | - | 6,009 |
| Other | 60 | - | - | 60 | - | 60 |
| Debt Service: | | | | | | |
| Principal Series A Bonds | - | 51,000 | - | 51,000 | (51,000) | - |
| Interest Series A Bonds | - | 27,840 | - | 27,840 | - | 27,840 |
| Interest Series B Bonds | - | 45,500 | - | 45,500 | - | 45,500 |
| Debt Service Series C | - | 136,800 | - | 136,800 | - | 136,800 |
| Paying agent fees | - | 600 | - | 600 | - | 600 |
| Principal payment on Developer advances | - | - | 3,193,476 | 3,193,476 | (3,193,476) | - |
| Interest paid on Developer advances | - | - | 350,201 | 350,201 | (138,520) | 211,681 |
| Total expenditures and other financing uses | <u>52,187</u> | <u>264,686</u> | <u>3,543,677</u> | <u>3,860,550</u> | <u>(3,382,996)</u> | <u>477,554</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(46,221)</u> | <u>(58,205)</u> | <u>(3,543,677)</u> | <u>(3,648,103)</u> | <u>3,382,996</u> | <u>(265,107)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from Developer Advances | 20,000 | - | - | 20,000 | (20,000) | - |
| Proceeds from debt | - | - | 3,543,677 | 3,543,677 | (3,543,677) | - |
| Total other financing sources (uses) | <u>20,000</u> | <u>-</u> | <u>3,543,677</u> | <u>3,563,677</u> | <u>(3,563,677)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (26,221) | (58,205) | - | (84,426) | 84,426 | |
| CHANGE IN NET POSITION | | | | | 265,107 | (265,107) |
| FUND BALANCES /NET POSITION | | | | | | |
| - BEGINNING OF YEAR | <u>(24,241)</u> | <u>166,502</u> | <u>-</u> | <u>142,261</u> | <u>-</u> | <u>(5,584,364)</u> |
| FUND BALANCES/NET POSITION - END - END OF YEAR | <u>\$ (50,462)</u> | <u>\$ 108,297</u> | <u>\$ -</u> | <u>\$ 57,835</u> | <u>\$ -</u> | <u>\$ (5,849,471)</u> |

The notes are an integral part of these statements

EAGLE MEADOW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|--------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| Taxes: | | | | |
| System development fees | \$ 6,900 | \$ 6,900 | \$ - | \$ (6,900) |
| Investment earnings | 1,000 | 1,000 | 5,966 | 4,966 |
| Proceeds from Developer Advances | 30,000 | 30,000 | 20,000 | (10,000) |
| Total revenues and other financing sources | 37,900 | 37,900 | 25,966 | (11,934) |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Current: | | | | |
| District management and accounting | 15,000 | 15,000 | 15,000 | - |
| Audit | 4,925 | 4,925 | 4,925 | - |
| Office | 1,000 | 1,500 | 1,277 | 223 |
| Insurance and bonds | 3,500 | 2,113 | 2,113 | - |
| Legal | 10,000 | 28,000 | 22,803 | 5,197 |
| Elections | 1,800 | 11,946 | 6,009 | 5,937 |
| Other | - | - | 60 | (60) |
| Contingencies | 2,500 | 2,500 | - | 2,500 |
| Total expenditures and other financing uses | 38,725 | 65,984 | 52,187 | 13,797 |
| NET CHANGE IN FUND BALANCES | \$ (825) | \$ (28,084) | (26,221) | \$ 1,863 |
| FUND BALANCE - BEGINNING OF YEAR | | | (24,241) | |
| FUND BALANCE - END OF YEAR | | | \$ (50,462) | |

The notes are an integral part of these statements

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eagle Meadow Metropolitan District (District) is a quasi-municipal corporation, organized on November 20, 2001, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32). The District operates under an Amended and Restated Service plan approved by the City of Dacono, Colorado, on April 25, 2016. The District's service area is located in Weld County, Colorado. The District was formed to provide financing and construction of public improvements consisting of water, park and recreation, street, sanitary sewer, storm sewer, and traffic and safety control improvements. Phase 1A and Phase 2A and 2B public improvements have been completed and dedicated to the City of Dacono or the St. Vrain Sanitation District.

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

Reporting Entity

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 the 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 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 generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for state and local governments in the United States. The following is a summary of the more significant policies.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position column and the statement of activities column) report information on all of the non-fiduciary activities of the District.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities. Governmental activities are normally supported by taxes, system development fees, and investment earnings.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities report all financial resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. For the year ended December 31, 2023, the District has no program revenues. All revenues, such as taxes and investment earnings are reported as general revenues.

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

Measurement focus, basis of accounting, and financial statement presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities 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.

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities 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.

Property taxes, specific ownership taxes, system development fees, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

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

Fund accounting

The accounts of the District are organized and operated on the basis of funds, each of which is considered a separate accounting entity.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation
(Continued)

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund balance revenues and expenditures. The various funds are summarized by type within the financial statements.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

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

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

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – Cash and investments are stated at fair value, with the exception of the local government investment pool which is stated at the net asset value of the shares owned.

Fair Value Hierarchy The District categorizes its fair value measurements 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.

The District follows State statutes which allow the following investments:

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

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2023, all receivables are expected to be collected.

Capital Assets - Capital assets, which include property, equipment, infrastructure, and intangibles are reported in the Statement of Net Position. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. As discussed above, the District has donated all acquired capital assets to other local governments.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. At December 31, 2023 the District has no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

Fund Balances – Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2023, the District has \$2,115 in nonspendable fund balance related to prepaid expenses.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2023, the District has \$107,876 restricted for emergencies and \$108,297 for debt service.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the District's Board of Directors (Board). The Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2023, the District has no committed fund balance.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2023, the District has no assigned fund balances.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of December 10 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 29, and June 15. Taxes become delinquent after those dates and are subject to interest charges. In addition, delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November.

Property taxes are recognized in the year for which they are levied to support operations and at the fund level must also be measurable and available. Since these taxes are levied for operations during 2024, property taxes are recorded as a receivable which is offset by deferred inflows of resources. Taxes are collected and remitted monthly to the District by the Treasurer's Office of Weld County.

Property owners within the boundaries of the District have been assessed \$222,695 in taxes which are levied for the year ending December 31, 2023.

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations.

Development Fees

The District imposes certain development impact and fees on property within the District. These fees are assessed upon the closing of a sale to a residential end user. The fee amount is \$1,150 per residential plot. The District received no development fees for the year ended December 31, 2023.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. A budget is legally adopted for all funds on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution.

District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of a fund must be approved by the Board.

Tax, spending, and debt limitations

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government. On November 4, 2003, the District's voters approved the retention of all property taxes and all other District revenue in 2003 and annually thereafter without limitation under TABOR or other laws. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue shortfalls, or salary and benefit increases. As discussed above, the District has recorded \$107,876 of restricted net position for emergencies at December 31, 2023.

NOTE 2 - CASH AND INVESTMENTS

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

| | |
|-------------------------------------|-----------|
| Cash and investments - unrestricted | \$ 9,294 |
| Cash and investments - restricted | 68,934 |
| | \$ 78,228 |

A summary of deposits and investments at December 31, 2023, follows:

| | |
|----------------------------|-----------|
| Cash deposits | \$ 37,701 |
| Investments | 40,527 |
| Total cash and investments | \$ 78,228 |

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the 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 carrying amount and bank balance of the District's deposits were \$37,701, all of which was covered by FDIC insurance.

The District has not adopted an investment policy and follows Colorado Revised Statutes.

Investments

The District invests funds in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). This is an investment vehicle established for local government entities in Colorado to pool surplus funds. The pool, COLOTRUST Plus+, operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pool in connection with the direct investment and withdrawal functions of the pool. All securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The State securities commission administers and enforces all state statutes governing public trust pools. COLOTRUST is an external investment pool valued using the NAV per share of \$1 (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST is rated AAAM by Fitch Ratings.

Funds related to the Series 2016 bonds, the District has invested funds in the Fidelity Treasury Portfolio-Class III (Fund). This Fund invests at least 99.5% of its total assets in cash, U.S. Securities or repurchase agreements for those securities. The Fund stresses maintaining a stable net asset value of \$1. It does not have any unfunded commitments, redemption restrictions or redemption notice periods. The fund is rated AAA-mf by Moodys and AAAM by the S & P Global Ratings and AAA-mf by Moodys as of April 19, 2024.

Interest Rate Risk – The District has interest rate risk related to its investments in COLOTRUST and Fidelity. As of December 31, 2023, the District had the following investment:

| | <u>Weighted Average Maturity</u> | <u>Net Asset Value</u> |
|-------------------------------|--|--------------------------------|
| COLOTRUST Plus+ | 48 days to reset 78 days to maturity | \$ <u>7,227</u> |
| Fidelity Treasury CI III #696 | Weighted average maturity 30 days Weighted average life 45 days | \$ <u>33,300</u> |

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer. However, historically, the District's investments have been in local government investment pools and those investments chosen by the bond's paying agents.

Credit Risk – The District is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

NOTE 3 – LONG TERM DEBT

A summary of activity and changes in long term debt for the fiscal year ended December 31, 2023 is as follows:

| | <u>Balance at December 31, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at December 31, 2023</u> | <u>Due in One Year</u> |
|----------------------------------|---|---------------------|----------------------|---|----------------------------|
| Private Placement Borrowings: | | | | | |
| Operating Advances | | | | | |
| Advances | \$ 107,836 | \$ 20,000 | \$ (85,753) | \$ 42,083 | \$ - |
| Accrued Interest | 14,031 | 10,749 | (24,247) | 533 | - |
| Total Operating Advances | <u>121,867</u> | <u>30,749</u> | <u>(110,000)</u> | <u>42,616</u> | <u>-</u> |
| Capital Advances | | | | | |
| Advances | 2,193,902 | - | (2,193,902) | - | - |
| Accrued Interest | 71,094 | 194,220 | (265,314) | - | - |
| Total Capital Advances | <u>2,264,996</u> | <u>194,220</u> | <u>(2,459,216)</u> | <u>-</u> | <u>-</u> |
| Capital Advances for Water | | | | | |
| Advances | 913,821 | - | (913,821) | - | - |
| Accrued Interest | 4,928 | 80,890 | (85,818) | - | - |
| Total Capital Advances for Water | <u>918,749</u> | <u>80,890</u> | <u>(999,639)</u> | <u>-</u> | <u>-</u> |
| Note Payable | <u>-</u> | <u>3,543,677</u> | <u>-</u> | <u>3,543,677</u> | |
| Bonds | | | | | |
| Principal - 2016A | 870,000 | - | (51,000) | 819,000 | 53,000 |
| Principal - 2016B | 700,000 | - | - | 700,000 | - |
| Principal - 2016C | 576,427 | - | - | 576,427 | - |
| Total Bonds | <u>2,146,427</u> | <u>-</u> | <u>(51,000)</u> | <u>2,095,427</u> | <u>53,000</u> |
| Accrued Bond Interest | | | | | |
| Bonds | | | | | |
| Principal - 2016C | 274,586 | 55,316 | (136,800) | 193,102 | - |
| Note Payable | - | 32,484 | - | 32,484 | - |
| Total Accrued Interest | <u>274,586</u> | <u>87,800</u> | <u>(136,800)</u> | <u>225,586</u> | <u>-</u> |
| Total Long Term Debt | <u>\$ 5,726,625</u> | <u>\$ 3,937,336</u> | <u>\$(3,756,655)</u> | <u>\$ 5,907,306</u> | <u>\$ 53,000</u> |

Bonds Payable

In 2016, the District issued General Obligation Limited Tax Refunding Bonds. The purpose of these bonds was to refinance the 2014 Taxable Limited Tax General Obligation Note. The bonds were issued in the following amounts:

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – LONG TERM DEBT (CONTINUED)

- Series 2016A in the amount of \$1,150,000 with an interest rate of 3.2% and it matures at June 30, 2036,
- Series 2016B and Series 2016C are \$700,000 subordinate and \$576,427 junior subordinate, respectively. Both bonds bear the same rate of 6.5% and mature on December 15, 2041. The Series 2016C bonds are payable only from excess revenues, after payment of the Series 2016A and 2016B Bonds.

The District’s Restated Service Plan, which was amended in 2016, restricts the maximum mill levies to be not in excess of 55.0 mills, or if the District provides enhanced infrastructure 65.0 mills. The Series 2016A and 2016B Bonds are payable solely from Pledged Revenues as follows:

| Year | Limited Tax General Obligation Bonds Series 2016 | Limited Tax Subordinate General Obligation Bonds Series 2016 | Total Payment |
|------------|--|---|---------------------|
| 2024 | \$ 53,000 | \$ - | \$ 53,000 |
| 2025 | 54,000 | - | 54,000 |
| 2026 | 56,000 | - | 56,000 |
| 2027 | 58,000 | - | 58,000 |
| 2028 | 59,000 | - | 59,000 |
| 2029- 2033 | 323,000 | - | 323,000 |
| 2034-2037 | 216,000 | 125,000 | 341,000 |
| 2038- 2042 | - | 575,000 | 575,000 |
| | <u>\$ 819,000</u> | <u>\$ 700,000</u> | <u>\$ 1,519,000</u> |

Developer debt

In September 2014 and December 2016, the District entered into an Infrastructure Acquisition Agreement (Infrastructure Agreement) and Advance and Reimbursement Agreement (Funding Agreement) with the developer, Eagle Meadow Development, LLC. Under the Infrastructure Agreement, the District agrees to purchase and acquire the public improvements, subject of the Infrastructure Agreement, subject to the satisfaction of certain terms and conditions set forth therein. Under the Funding Agreement, the District agrees to reimburse the Developer for its capital costs, subject to availability of the funds, together with interest to the market rate at the time the advances are issued. as defined in the Restated Service Plan.

On November 17, 2023, the District entered into a note payable with the Developer Eagle Meadow, LLC in the amount of \$3,543,677. The note matures on November 17, 2063 and has an annual interest rate of 7.5%. A property tax mill levy of up to 50 mills is required to be assessed to pay this note. If the mill levy is assessed, but not enough taxes are collected for full payment of note, any remaining principal and interest is deemed to be discharged. This note is a subordinate debt obligation to the Eagle Mountain Metropolitan District’s General Obligation Limited Tax Refunding Bonds Series 2016A, Series 2016B and Series2016C bonds.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 – DISTRICT DEVELOPMENT

Metropolitan districts in the development stage require the completion of the project in order to be able to service the amounts owed on its bonds as well as the amounts owed on Developer Advances and notes payable. The District is comprised of 4 phases. Phase 1 and 2A which consist of 47 and 15 lots respectively have been completed. Phase 2B has 12 lots, 6 of which are built and 6 are ready to build on. Phase 3 is 51 lots which have yet to be started. The anticipated timing of completion of the Phase 3 51 lots is unknown as of the date of this report.

NOTE 5 – NEGATIVE FUND EQUITY

At the government wide level, the District has negative equity of \$5,849,471. This is the result of acquiring capital assets and then donating those to another government. Like other metropolitan districts, this negative equity will be reduced through operations and the collection of property taxes and development fees in future years.

The General Fund also has negative equity of \$50,462. As the District is dependent on the Developer to provide operating advances to help pay for operating costs. Once the build out of the District is complete the District anticipates it will have adequate resources to continue operations.

NOTE 6 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government Funds Balance Sheet/Statement of Net Position includes adjustment column. The adjustments have the following elements:

| | Effect on Net Position |
|--|-----------------------------------|
| Long term liabilities such as bonds payable, Developer Advances, and accrued interest payable are not due and payable in the current period, and therefore, are not reported in the funds. | \$ (5,907,306) |
| At the government wide level transactions between funds are not reported. This is the amount owed to other funds. | 31,528 |
| At the government wide level transactions between funds are not reported. This is the amount owed by other funds. | (31,528) |

The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities includes an adjustment column. The adjustment has the following elements:

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS
(CONTINUED)

| | | | <u>Effect on Change in Net Position</u> |
|--|--------------------|--|---|
| <p>Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities. In addition, governmental funds report the proceeds of debt as revenues while it is reported as an increase in long-term debt in the Statement of Net Position.</p> | | | |
| Payments on Developer principal | \$ 3,193,476 | | |
| Payment of bond principal | 51,000 | | |
| Proceeds from Developer advances | <u>(3,563,677)</u> | | |
| | | | \$ (319,201) |
| <p>Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method. In the current year interest which was paid resulting in negative interest expense</p> | | | |
| | | | 138,520 |

NOTE 7 - INTERFUND TRANSACTIONS

At December 31, 2023, the General Fund owed the Debt Service Fund \$31,528, to reconcile total fund amounts. These amounts are expected to be paid within the next fiscal year.

NOTE 8 - RELATED PARTIES

The members of the Board of Directors either own or are employees of the Developer, Eagle Meadow, LLC or the homebuilder, Tamrick Homes. During the year, the District received \$20,000 in Developer Advances. The District also signed a note payable in the amount of \$3,543,677 to the Developer. During the year ended December 31, 2023, the District recorded accrued interest to the Developer in the amount of \$373,659 and paid \$375,379 to the Developer for interest owed.

At December 31, 2023 the District owes Eagle Meadow, LLC \$3,543,677 for the note payable. On that date the District owes the Developer \$42,083 and \$533 for advances and for interest on those advances, respectively.

For the year ending December 31, 2024, Eagle Meadow, LLC is responsible for the property taxes on unsold lots. As required by Colorado statute, the Board members filed conflict of interest statements with the Secretary of State's Office and announce potential conflicts of interest at the start of each Board meeting.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - 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 an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials and 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.

SUPPLEMENTARY INFORMATION

EAGLE MEADOW METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|-------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 199,556 | \$ 199,556 | \$ 195,966 | \$ (3,590) |
| Specific Ownership tax | 11,973 | 11,973 | 8,487 | (3,486) |
| Investment earnings | 1,000 | 1,000 | 2,028 | 1,028 |
| Total revenues and other financing sources | 212,529 | 212,529 | 206,481 | (6,048) |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Current: | | | | |
| County Treasurer's fee | 2,993 | 2,993 | 2,946 | 47 |
| Debt Service: | | | | |
| Principal Series A Bonds | 50,000 | 51,000 | 51,000 | - |
| Interest Series A Bonds | 28,057 | 28,057 | 27,840 | 217 |
| Interest Series B Bonds | 45,500 | 45,500 | 45,500 | - |
| Debt Service Series C | 82,879 | 134,036 | 136,800 | (2,764) |
| Paying agent fees | 600 | 600 | 600 | - |
| Contingencies | 2,500 | 2,500 | - | 2,500 |
| Total expenditures and other financing uses | 212,529 | 264,686 | 264,686 | - |
| NET CHANGE IN FUND BALANCES | \$ - | \$ (52,157) | (58,205) | \$ (6,048) |
| FUND BALANCE - BEGINNING OF YEAR | | | 166,502 | |
| FUND BALANCE - END OF YEAR | | | \$ 108,297 | |

EAGLE MEADOW METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| Debt proceeds from the Developer | \$ - | \$ 3,543,677 | \$ 3,543,677 | \$ - |
| Total revenues and other financing sources | <u>-</u> | <u>3,543,677</u> | <u>3,543,677</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Debt service payments to Developer | | | | |
| Principal | | 3,193,476 | 3,193,476 | - |
| Interest | | <u>350,201</u> | <u>350,201</u> | <u>-</u> |
| Total expenditures | | <u>3,543,677</u> | <u>3,543,677</u> | |
| NET CHANGE IN FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| FUND BALANCE - BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ -</u> | |