

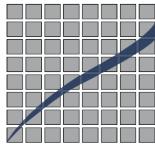
**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT  
EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**BiggsKofford**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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Board of Directors  
**Central Marksheffel Metropolitan District**  
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Marksheffel Metropolitan District ("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, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BiggsKofford, P.C.*

Colorado Springs, Colorado

July 30, 2024

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

DECEMBER 31, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 871,634
Cash and investments - restricted	4,000
Receivable from County Treasurer	10,529
Property taxes receivable	311,940
Prepaid expenses	2,536
 Total assets	 1,200,639
<b>LIABILITIES</b>	
Accounts payable	8,368
 Total liabilities	 8,368
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property taxes	311,940
 Total deferred inflows of resources	 311,940
<b>NET POSITION</b>	
Restricted for:	
Emergency reserve	4,000
Unrestricted	876,331
 Total net position	 \$ 880,331

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

<b>FUNCTIONS / PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Primary government					
Government activities:					
General government	\$ 150,174	\$ -	\$ -	\$ -	\$ (150,174)
Interest and related costs on long-term debt	73,725	-	-	-	(73,725)
Total government activities	<u>\$ 223,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(223,899)</u>
<b>GENERAL REVENUES</b>					
Property taxes					1,449,672
Specific ownership taxes					152,562
Investment income					70,712
Drainage fees					223,664
Bridge fees					680,230
Total general revenues					<u>2,576,840</u>
Change in net position					2,352,941
Net position, beginning of year					(1,472,610)
Net position, end of year					<u>\$ 880,331</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 871,634	\$ -	\$ 871,634
Cash and investments - restricted	4,000	-	4,000
Receivable from County Treasurer	10,529	-	10,529
Property taxes receivable	311,940	-	311,940
Prepaid expenses	2,536	-	2,536
<b>Total assets</b>	<b>\$ 1,200,639</b>	<b>\$ -</b>	<b>\$ 1,200,639</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 8,368	\$ -	\$ 8,368
<b>Total liabilities</b>	<b>8,368</b>	<b>-</b>	<b>8,368</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	311,940	-	311,940
<b>Total deferred inflows of resources</b>	<b>311,940</b>	<b>-</b>	<b>311,940</b>
<b>FUND BALANCES</b>			
Restricted for:			
Emergency reserve	4,000	-	4,000
Unassigned:			
Unrestricted	876,331	-	876,331
<b>Total fund balances</b>	<b>880,331</b>	<b>-</b>	<b>880,331</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,200,639</b>	<b>\$ -</b>	<b>\$ 1,200,639</b>

The accompanying notes and independent auditor's report should be read with these financial statements.

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 262,270	\$ 1,187,402	\$ 1,449,672
Specific ownership taxes	27,601	124,961	152,562
Investment income	14,060	56,652	70,712
Drainage fees	-	223,664	223,664
Bridge fees	-	680,230	680,230
Total revenues	<u>303,931</u>	<u>2,272,909</u>	<u>2,576,840</u>
<b>EXPENDITURES</b>			
Current:			
Bank charges	3,214	-	3,214
County Treasurer fees	3,937	17,826	21,763
Dues and subscriptions	632	-	632
Landscaping	7,206	-	7,206
Landscape replacement	2,639	-	2,639
Legal services	19,018	-	19,018
Management fees	84,000	-	84,000
Miscellaneous	608	-	608
Postage	69	-	69
Professional fees	11,025	-	11,025
Debt service:			
Bond principal	-	2,540,000	2,540,000
Bond interest payments	-	76,948	76,948
Bank charges	-	3,000	3,000
Total expenditures	<u>132,348</u>	<u>2,637,774</u>	<u>2,770,122</u>
Excess of revenues over expenditures	<u>171,583</u>	<u>(364,865)</u>	<u>(193,282)</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Transfer between funds	<u>308,198</u>	<u>(308,198)</u>	<u>-</u>
Total other financing sources and uses	<u>308,198</u>	<u>(308,198)</u>	<u>-</u>
Net change in fund balance	<u>479,781</u>	<u>(673,063)</u>	<u>(193,282)</u>
Fund balance, beginning of year	<u>400,550</u>	<u>673,063</u>	<u>1,073,613</u>
Fund balance, end of year	<u>\$ 880,331</u>	<u>\$ -</u>	<u>\$ 880,331</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

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Net change in fund balance	\$ (193,282)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond principal payments	2,540,000
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Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on bonds payable	6,223
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Change in net position	<u>\$ 2,352,941</u>
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The accompanying notes and independent auditor's report should be read with these financial statements.

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**(BUDGET AND ACTUAL)**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Property taxes	\$ 263,583	\$ 262,270	\$ (1,313)
Specific ownership taxes	13,179	27,601	14,422
Investment income	-	14,060	14,060
Total revenues	276,763	303,931	27,168
<b>EXPENDITURES</b>			
Bank charges	500	3,214	(2,714)
Bridge lights and utilities	4,000	-	4,000
County Treasurer fees	3,954	3,937	17
Dues and subscriptions	3,700	632	3,068
Landscaping	15,000	7,206	7,794
Landscape replacement	-	2,639	(2,639)
Legal services	15,000	19,018	(4,018)
Management fees	84,000	84,000	-
Miscellaneous	-	608	(608)
Postage	300	69	231
Professional fees	10,825	11,025	(200)
Total expenditures	137,279	132,348	4,931
Excess of revenues over expenditures	139,484	171,583	32,099
<b>OTHER FINANCING SOURCES AND USES</b>			
Transfer between funds	-	308,198	308,198
Total other financing sources and uses	-	308,198	308,198
Net change in fund balance	<u>\$ 139,484</u>	479,781	<u>\$ 340,297</u>
Fund balance, beginning of year		400,550	
Fund balance, end of year		<u>\$ 880,331</u>	

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### 1. DEFINITION OF REPORTING ENTITY

Central Marksheffel Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in October 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel, and other drainage improvements needed for the area.

The District follows 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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. Material 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 assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

#### Measurement focus, basis of accounting, and financial statement position

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 when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

A transfer was made from the debt service fund to the general fund as a result of the final settlement of the long-term obligations that required the use of the debt service fund.

### Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, 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.

The District amended its annual budget for the year ended December 31, 2023.

### Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

### 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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable amounts, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues 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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

See independent auditor's report.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### Net position and fund balances

#### *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 balances*

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, 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.

### Use of estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

## **3. CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 871,634
Cash and investments - restricted	4,000
	<hr/>
	\$ 875,634

See independent auditor's report.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2023, are as follows:

Deposits with financial institutions	\$ 870,404
Investments	<u>5,230</u>
	<u><u>\$ 875,634</u></u>

### 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. The 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 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.

As of December 31, 2023, the District's cash deposits had a bank balance of \$870,404 and a carrying balance of \$870,404.

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

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Fidelity Investments Money Market Government Portfolio - Class I	90 days or less	\$ <u>5,230</u>

See independent auditor's report.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

The Fidelity Investments Money Market Government Portfolio - Class I is a money market fund that is managed by Federated Investors and each share is equal in value to \$1. The fund is rated AAA and invests in high-quality, short-term US government securities. The average maturity of the underlying securities is 90 days or less.

### 4. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2023:

	Balance 01-01-23	Additions	Repayments / Amortization	Balance 12-31-23	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2014A Loan	\$ 2,540,000	\$ -	\$ 2,540,000	\$ -	\$ -
Total long-term obligations	<u>\$ 2,540,000</u>	<u>\$ -</u>	<u>\$ 2,540,000</u>	<u>\$ -</u>	<u>\$ -</u>

#### Series 2014 Tax-Free Refunding Loan

On September 3, 2014, the District issued Series A and Series B tax-free loan agreements for the purpose of: (i) paying the costs of refunding and defeasing the previously issued bonds; (ii) paying the project costs; and (iii) paying issuance and other costs in connection with the loan. The Series 2014 Tax-Free Refunding Loan ("Series 2014 Loan") was issued as follows: (a) Series 2014A Loan in the amount of \$11,230,000; bearing interest at 2.94% per annum, calculated on the basis of a 360-day year of twelve 30-day months; payable to the extent of pledged revenue available on each June 1 and December 1; maturing on September 3, 2024, and (b) Series 2014B Loan in the amount of \$1,000,000; bearing interest at 3.11% per annum, calculated on the basis of a 360-day year of twelve 30-day months; payable to the extent of pledged revenue available on each June 1 and December 1; maturing on September 3, 2024. The Series 2014B Loan was paid in full during the year ended December 31, 2020. The Series 2014A Loan was paid in full during the year ended December 31, 2023.

#### Debt authorization

As of December 31, 2023, the District's debt authorized, authorization used, and amounts authorized but unissued are as

	Electoral Authorization	Service Plan Authorization
Amount authorized	\$ 64,000,000	\$ 31,250,000
Authorization used:		
Series 2004 Bonds	(14,650,000)	(14,650,000)
2004 Refunding	-	14,650,000
2014 Loan	<u>(12,230,000)</u>	<u>(12,230,000)</u>
Authorized but unissued indebtedness	<u>\$ 37,120,000</u>	<u>\$ 19,020,000</u>

On November 5, 2002, the District's voters authorized the issuance of indebtedness at an interest rate not to exceed 18%. The service plan set the maximum mill levy for debt at 35 mills.

See independent auditor's report.

# CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### 5. NET POSITION

The District has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2023, the District had a restricted net position as follows:

Restricted net position:

Emergency reserve (Note 10)	\$ 4,000
	<u>\$ 4,000</u>

### 6. INTERGOVERNMENTAL AGREEMENTS

#### Transportation Impact Fee and Public Improvement Agreement

In June 2004, the District entered into a Transportation Impact Fee and Public Improvement Agreement with the County for the purpose of the District securing fair and equitable participation in the Marshfield improvements from out-of-District properties identified within the area serviced by the improvements. The first amendment to this agreement established a credit for the District within the County's Road Impact Fee Program for regional road improvements previously built and to apply such credits first to the property within the District, and establish a reimbursable amount for the balance of the credit to be reimbursed by the County and paid to the District over time. Under the second amendment to this agreement, the District was entitled to the greater of (a) 50% of each fee program funds disbursement made; or (b) \$100,000. During the year ended December 31, 2022, it was determined that no additional road improvement fees would be received under this agreement.

As part of the agreement, the County also agreed to make credits available to the District related to drainage and bridge impact fees ("bridge fees") collected by the County within the District's boundaries. These credits will be recorded as revenues in the period they are received. As of December 31, 2023, the District has credits totaling \$1,216,172. During the year ended December 31, 2023, the District recognized \$680,230 related to bridge impact fees received from the County and \$223,664 for drainage fees received from the County.

### 7. RELATED PARTIES

The developer of the property with the District is Case International Company. The members of the board of directors are officers, employees or associated with the developer and may have conflicts of interest in dealing with the District.

### 8. PROPERTY ACQUISITIONS

During the year ended December 31, 2023, the District acquired a detention pond and accepted the ongoing maintenance responsibility for the pond. The District paid \$70 for the pond, which is below the district's capitalization policy, and as such the pond is not reflected in capital assets in the financial statements.

During the year ended December 31, 2023, the District acquired a tract of land known as Claremont Ranch Filing No. 8 and accepted the ongoing maintenance responsibility for the tract. The District paid \$100 for the tract, which is below the district's capitalization policy, and the tract is not reflected in capital assets in the financial statements.

### 9. 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.

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

See independent auditor's report.

# **CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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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.

### **10. 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 within the state of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 5, 2002, the District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District management believes the District 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 likely require judicial interpretation.

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See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT**  
**DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE (BUDGET AND ACTUAL)**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Property taxes	\$ 1,193,347	\$ 1,187,402	\$ 1,187,402	\$ -
Specific ownership taxes	83,534	124,961	124,961	- -
Investment income	13,300	56,652	56,652	- -
Drainage fees	- -	223,664	223,664	- -
Bridge fees	- -	680,230	680,230	- -
	- -	- -	- -	- -
Total revenues	<u>1,290,182</u>	<u>2,272,909</u>	<u>2,272,909</u>	<u>-</u>
<b>EXPENDITURES</b>				
County Treasurer fees	17,900	17,826	17,826	- -
Bond principal	445,000	2,540,000	2,540,000	- -
Bond interest payments	- -	76,948	76,948	- -
Bank charges	- -	3,000	3,000	- -
Contingency	1,000	- -	- -	- -
	- -	- -	- -	- -
Total expenditures	<u>463,900</u>	<u>2,637,774</u>	<u>2,637,774</u>	<u>-</u>
Excess of revenues over expenditures	<u>826,281</u>	<u>(364,865)</u>	<u>(364,865)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfer between funds	- -	(308,198)	(308,198)	- -
Total other financing sources and uses	<u>- -</u>	<u>(308,198)</u>	<u>(308,198)</u>	<u>- -</u>
Net change in fund balances	<u>\$ 826,281</u>	<u>\$ (673,063)</u>	<u>(673,063)</u>	<u>\$ -</u>
Fund balance, beginning of year			673,063	
Fund balance, end of year			<u>\$ -</u>	

See independent auditor's report.