

August 29, 2024

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT No. 2
2023 ANNUAL REPORT

**FOR FILING WITH THE COLORADO STATE AUDITOR, DIVISION OF LOCAL GOVERNMENT,
WELD COUNTY CLERK AND RECORDER AND TOWN OF SEVERANCE**

The following shall constitute the mandatory 2023 Annual Report for Golden Eagle Acres Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado and duly organized and existing special district organized pursuant to Title 32, Article 1, Colorado Revised Statutes (the “District”).

1. BOUNDARY CHANGES

No changes were made to the District’s boundaries in 2023.

2. INTERGOVERNMENTAL AGREEMENTS

The District did not enter into any intergovernmental agreements in 2023.

3. RULES & REGULATIONS

Current Rules and Regulations are available at: <https://www.goldeneagleacres.com/water-rules-and-regulations>.

4. LITIGATION

As of December 31, 2023, there is no active or pending litigation against the District.

5. CONSTRUCTION OF PUBLIC IMPROVEMENTS

None.

6. FACILITIES/IMPROVEMENTS CONSTRUCTED AND CONVEYED OR DEDICATED TO COUNTY OR MUNICIPALITY

None.

7. **FINAL ASSESSED VALUATION OF THE DISTRICT AS OF DECEMBER 31, 2023**

The final assessed valuation of the District as of December 31, 2023 is \$2,558,350.

8. **2023 BUDGET**

A copy of the District's 2023 budget is attached hereto as Exhibit A.

9. **AUDITED FINANCIAL STATEMENT**

A copy of the District's 2023 Audited Financial Statement is attached hereto as Exhibit B.

10. **DEFAULTS**

None.

11. **UNPAID OBLIGATIONS (PAST 90 DAYS)**

None.

EXHIBIT A

2023 BUDGET

Golden Eagle Acres Metro District No. 2

2023 Budget

Modified Accrual Basis

General Fund

	2021 Actual	2022 Budget	2022 Estimated Actual	2023 Budget
Beginning Balance	-	1,159	883	883
Income				
Interest Revenue	3	-	15	-
Property Taxes	50,989	24,281	21,916	26,274
Specific Ownership Taxes	2,562	1,457	1,437	1,576
Tax Related Interest	230	-	-	-
Total Income	53,784	25,738	23,368	27,850
Expense				
<i>General and Administrative</i>				
Treasurers Fees	769	364	336	394
Intergovernmental Fees	52,133	25,374	23,032	27,456
<i>Other</i>				
Contingency	-	-	-	-
Total Expense	52,901	25,738	23,368	27,850
Excess Revenue (Expenses)	883	-	-	-
Ending Fund Balance	883	1,159	883	883

Golden Eagle Acres Metro District No. 2

2023 Budget

Modified Accrual Basis

Debt Service Fund

	2021 Actual	2022 Budget	2022 Amended budget	2023 Budget
Beginning Balance	-	-	1,500	26,000
Income				
Bond Proceeds	3,981,000	-	-	-
Interest Revenue	-	-	10,623	-
Property Taxes	-	97,126	93,338	105,097
Specific Ownership Taxes	-	5,828	5,748	6,306
Tax Related Interest	-	-	-	-
Intergovernmental Revenues	-	798,351	797,729	605,967
Total Income	3,981,000	901,305	907,438	717,370
Expense				
Treasurers Fees	-	1,457	1,423	1,576
Bank Fees	-	-	608	-
Paying Agent Fees	-	-	-	4,000
Bond Interest	-	225,483	224,907	151,000
Bond Principal	-	625,000	656,000	560,794
Costs of Issuance	303,639	-	-	-
Developer Reimbursement	3,675,861	-	-	-
Total Expense	3,979,500	851,940	882,938	717,370
Excess Revenue (Expenses)	1,500	49,365	24,500	-
Ending Fund Balance	1,500	49,365	26,000	26,000



EXHIBIT B

2023 AUDITED FINANCIAL STATEMENT

**Golden Eagle Acres Metropolitan District No. 2
Weld County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023

Golden Eagle Acres Metropolitan District No. 2

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Golden Eagle Acres Metropolitan District No. 2
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Golden Eagle Acres Metropolitan District No. 2 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management'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.

Supplemental 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 supplemental information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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. The supplemental 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Parnters, LLC

Arvada, Colorado
July 10, 2024

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,006
Cash and investments - restricted	598,392
Due from county treasurer	400
Property taxes receivable	179,228
Total assets	<u>779,026</u>
LIABILITIES	
Accrued interest payable	12,469
Noncurrent liabilities:	
Due in more than one year	3,325,000
Total liabilities	<u>3,337,469</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	179,228
Total deferred inflows of resources	<u>179,228</u>
NET POSITION	
Restricted for:	
Debt service	598,712
Unrestricted	(3,336,383)
Total net position	<u>\$ (2,737,671)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
General government	\$ 27,540	\$ -	\$ -	\$ -	\$ (27,540)
Interest on long-term debt and related costs	152,145	-	-	604,012	451,867
Total primary government	\$ 179,685	\$ -	\$ -	\$ 604,012	424,327
		General Revenues:			
					131,371
					5,586
					23,008
					159,965
					584,292
					(3,321,963)
					\$ (2,737,671)

The accompanying Notes to the Financial Statements are an integral part of these statements.

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,006	\$ -	\$ 1,006
Cash and investments - restricted	-	598,392	598,392
Due from county treasurer	80	320	400
Property taxes receivable	35,846	143,382	179,228
Total assets	\$ 36,932	\$ 742,094	\$ 779,026
LIABILITIES			
Total liabilities	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	35,846	143,382	179,228
Total deferred inflows of resources	35,846	143,382	179,228
FUND BALANCES			
Restricted for:			
Debt service	-	598,712	598,712
Unassigned	1,086	-	1,086
Total fund balances	1,086	598,712	599,798
Total liabilities, deferred inflows of resources and fund balances	\$ 36,932	\$ 742,094	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, developer advances and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(3,325,000)
Accrued interest payable - bonds	(12,469)
Net position of governmental activities	\$ (2,737,671)

The accompanying Notes to the Financial Statements are an integral part of these statements.

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2023

	General	Debt Service	Total Governmental Funds
REVENUES			
Property taxes	\$ 26,274	\$ 105,097	\$ 131,371
Specific ownership tax	1,117	4,469	5,586
Intergovernmental revenue	-	604,012	604,012
Investment income	15	22,993	23,008
Total revenues	27,406	736,571	763,977
EXPENDITURES			
General Government			
County Treasurer's fees	394	1,577	1,971
Intergovernmental expenses	27,146	-	27,146
Bank fees	-	943	943
Debt Service			
Bond interest	-	149,625	149,625
Total expenditures	27,540	152,145	179,685
Net change in fund balances	(134)	584,426	584,292
Fund balances - beginning	1,220	14,286	15,506
Fund balances - ending	\$ 1,086	\$ 598,712	\$ 599,798

There are no reconciling differences between the changes in fund balance of the governmental funds and the change in net position of governmental activities.

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 26,274	\$ 26,274	\$ -
Specific ownership tax	1,576	1,117	(459)
Investment income	-	15	15
Total revenues	<u>27,850</u>	<u>27,406</u>	<u>(444)</u>
EXPENDITURES			
County Treasurer's fees	394	394	-
Intergovernmental expenses	27,456	27,146	310
Total expenditures	<u>27,850</u>	<u>27,540</u>	<u>310</u>
Net change in fund balances	-	(134)	(134)
Fund balances - beginning	<u>883</u>	<u>1,220</u>	<u>337</u>
Fund balances - ending	<u>\$ 883</u>	<u>\$ 1,086</u>	<u>\$ 203</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Definition of Reporting Entity

Golden Eagle Acres Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County on November 21, 2017, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Town of Severance, Colorado (Town).

The District was organized in conjunction with Golden Eagle Acres Metropolitan District No. 1 (District No. 1) and Golden Eagle Acres Metropolitan District No. 3 (District No. 3), (collectively the Districts). The Districts were established to provide for the planning, design, acquisition, construction, installation, financing, ownership, operation, maintenance, relocation and redevelopment of all public improvements, including street improvements, water improvements and infrastructure, sanitary sewer improvements and infrastructure, storm drainage improvements and infrastructure, parks and recreation, safety protection, security, mosquito control and covenant enforcement and design review. The District along with District No. 3, serve as the Financing Districts and District No. 1 serves as the Coordinating District.

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

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

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

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These financial statements include all of the activities of the

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of net position reports all financial resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The 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.

Budgetary Information

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 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 budget for the year ended December 31, 2023.

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 minimum number of bank accounts. 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 taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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:

Non-spendable 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 is legally or contractually required to be maintained intact.

Golden Eagle Acres Metropolitan District No. 2

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

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.

Note 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	\$ 1,006
Cash and investments-Restricted	598,392
Total cash and investments	<u>\$ 599,398</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 9,864
Investments	589,534
Total cash and investments	<u>\$ 599,398</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

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$9,864.

Investments

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

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

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

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

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

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 589,534
Total investments		<u>\$ 589,534</u>

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios: Colotrust Prime, Colotrust Plus, and Colotrust Edge.

Colotrust Prime and Colotrust Plus operate similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. Both portfolios are rated AAAM by Standard and Poor's.

Colotrust Edge, is managed to approximate a \$10.00 transactional share price. Colotrust Edge may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper. Colotrust Edge is rated AA Af/S1 by Fitch Ratings.

A designated custodial bank serves as custodian for the Trust's investment portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. The District invested in the Colotrust Plus portfolio during 2023.

Note 4 – Long-Term Obligations

Changes in long-term debt for the year ended December 31, 2023 are summarized as follows:

Golden Eagle Acres Metropolitan District No. 2

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Limited Tax General Obligation Bonds - Series 2021A	\$ 3,325,000	\$ -	\$ -	\$ 3,325,000	\$ -

Limited Tax General Obligation Bonds Series 2021A

Bond Details

On September 3, 2021, the District issued \$3,981,000 Limited Tax General Obligation Bonds, Series 2021A (the 2021A Bonds). The 2021A Bonds were issued for the purposes of: i) reimbursing Golden Eagle Acres, Inc. (Developer) for the costs of construction of certain public infrastructure to serve the Development; and ii) paying the costs incurred in connection with the issuance of the Bonds.

The 2021A Bonds bear interest at 4.50%, payable annually to the extent of pledged revenue available therefore on December 1 each year, commencing December 1, 2021. The 2021A Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal and interest prior to the final maturity date. The 2021A Bonds mature on December 1, 2051. Any principal of the 2021A Bonds, that is not paid when due, shall remain outstanding until paid or until the 2021A Bonds Termination Date (December 2, 2061). Unpaid interest on the 2021A Bonds compounds annually at the rate borne by the 2021A Bonds on each December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2021A Bonds. In the event any amounts due and owing on the 2021A Bonds remain outstanding on December 2, 2061, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The District did not make the required bond principal payments that were due on December 1, 2023. To remedy the event of default, the full December 1, 2023 principal payment was made on July 9, 2024.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District on September 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026, to August 31, 2027	3.00%
September 1, 2027, to August 31, 2028	2.00%
September 1, 2028, to August 31, 2029	1.00%
September 1, 2029, and thereafter	0.00%

Security

The 2021A Bonds are secured by and payable from moneys derived by the District from the following sources, net of any costs of collection: i) the Required Mill Levy; ii) the portion of Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and iii) any other legally available moneys which the District determines, in its absolute discretion to transfer to the Trustee for application as pledged revenue.

Required Mill Levy

Pursuant to the Capital Pledge Agreement (see note 7), the District has covenanted to impose a Required Mill Levy in an amount equal to 40 mills (subject to adjustment) and District No. 3 has covenanted to impose a Required Mill Levy in an amount equal to 29.5 mills (subject to adjustment); or such lesser amount which, if imposed by both the District and District No. 3 for collection in the succeeding year, will pay their respective payment obligations pertaining to the 2021A Bonds in full in the year such levy is collected. The District and District No. 3 will not be required to impose the required mill levy after December 2060 for collection in calendar year 2061.

Authorized Debt

On November 7, 2017, a majority of the qualified electors of the Districts authorized the issuance of indebtedness in the amount not to exceed \$56,520,058. Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$4,037,147. As of December 31, 2023 the Districts had issued the maximum amount of debt available.

Note 5 – Net Position

The District's net position consists of two components – restricted and unrestricted.

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

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

	<u>Governmental Activities</u>
Restricted net position:	
Debt service	598,712
Total restricted net position	<u>\$ 598,712</u>

As of December 31, 2023, the District has unrestricted net position (deficit) of \$(3,336,383). The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were constructed by District No. 1.

Note 6 – Related Parties

The Developer of the property which constitutes the District is Golden Eagle Acres, Inc., a Colorado corporation. 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.

Note 7 – Agreements

Master Intergovernmental Agreement

On December 8, 2017 the District entered into a Master Intergovernmental Agreement (Master IGA) with District No. 1 and District No. 3 to coordinate the construction, operation and maintenance, and financing of facilities that are intended to benefit the Districts. As the Coordinating District, District No. 1 agrees to construct, manage the financing, operate, and maintain the public facilities and services. As the Financing Districts, the District and District No. 3 will pay all costs related to the construction, operation, and maintenance of these facilities and services. Pursuant to the Master IGA the District agrees to pay its respective share of the costs of facilities and services provided by District No. 1.

Acquisition and Reimbursement Agreement

On August 19, 2021, the District, District No. 1 and District No. 3 entered into an Acquisition and Reimbursement Agreement with Golden Eagle Acres, Inc. (the Developer) which superseded all of the prior funding and reimbursement agreements between the Districts and the Developer and any related promissory notes and accrued interest, as applicable, were cancelled.

Under the terms of the Acquisition and Reimbursement Agreement the outstanding balance, in the amount of \$595,084, due to the Developer for the non-potable water improvements acquired by District No. 1 in January 2019, the outstanding operational and maintenance advance plus accrued interest to District No. 1, in the amount of

Golden Eagle Acres Metropolitan District No. 2

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

\$62,711, as of the date of the Acquisition and Reimbursement Agreement, and the capital costs, in the amount of \$3,493,249 accepted by District No. 1 for public improvements and transferred directly by the Developer to the Town of Severance were consolidated. As of the date of the Acquisition and Reimbursement Agreement the outstanding reimbursable amount due to the Developer based upon the above identified outstanding balances totaled \$4,151,044.

The outstanding reimbursable amount shall accrue interest from the date of the Acquisition and Reimbursement Agreement at a fixed interest rate of 6.25% using the simple interest method. If and to the extent that the Districts (i) receive bond proceeds for the acquisition or completion of public improvements or (ii) has other legally available moneys, the Districts will, from such available moneys reimburse the Developer plus any accrued interest (Repayment Amount).

The Acquisition and Reimbursement Agreement shall end on the date the Repayment Amount is paid in full or August 19, 2061. Any portion of the Repayment Amount outstanding as of August 19, 2061 shall be deemed discharged, paid and canceled.

In September 2021, the District issued Limited Tax General Obligation Bonds in the amount of \$3,981,000 and a portion of the proceeds, \$3,675,861, was transferred to District No. 1 and used to reimburse the Developer for the entire cost of public improvements, \$3,493,250, a partial reimbursement of the non-potable water improvements in the amount of \$173,511 plus accrued interest in the amounts of \$7,776 and \$1,324 respectively.

Capital Pledge Agreement

On September 1, 2021 the District entered into a Capital Pledge Agreement with District No. 3 and UMB Bank pursuant to which the District and District No. 3 will impose the required mill levy each year to generate the property tax revenues to be pledged towards the payment of the Series 2021A Limited Tax General Obligation Bonds (Bonds) issued by the District. The District is required to assess a mill levy of 40 mills upon all taxable property of the District and District No. 3 is required to assess a mill levy of 29.5 mills upon all taxable property of District No. 3; or such lesser amount which, if imposed by both the District and District No. 3 for collection in the succeeding calendar year will pay their respective payment obligations pertaining to the Bonds in full in the year such levy is collected. In the event the method of calculating assessed valuation is or was changed after the date of the issuance of the Bonds, the mill levies will be increased or decreased to reflect such changes.

Note 8 – Risk Management

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

Golden Eagle Acres Metropolitan District No. 2

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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 and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Note 9 - Tax, Spending and Debt Limitation

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary and benefit increases. District No. 1 serves as the Operating District and has established an Emergency Reserve for the District.

A majority of the District's electors has authorized the District to collect revenues without regard to the TABOR limits.

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.

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SUPPLEMENTAL INFORMATION

GOLDEN EAGLE ACRES METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 105,097	\$ 105,097	\$ 105,097	\$ -
Specific ownership tax	6,306	4,600	4,469	(131)
Intergovernmental revenue	605,967	596,182	604,012	7,830
Investment income	-	15,037	22,993	7,956
Total revenues	<u>717,370</u>	<u>720,916</u>	<u>736,571</u>	<u>15,655</u>
EXPENDITURES				
County Treasurer's fees	1,576	1,577	1,577	-
Bank fees	-	600	943	(343)
Paying agent fees	4,000	4,000	-	4,000
Bond principal	560,794	563,739	-	563,739
Bond interest	151,000	151,000	149,625	1,375
Total expenditures	<u>717,370</u>	<u>720,916</u>	<u>152,145</u>	<u>568,771</u>
Net change in fund balances	-	-	584,426	584,426
Fund balances - beginning	<u>26,000</u>	<u>14,284</u>	<u>14,286</u>	<u>2</u>
Fund balances - ending	<u>\$ 26,000</u>	<u>\$ 14,284</u>	<u>\$ 598,712</u>	<u>\$ 584,428</u>