

**THE SHORES ON PLUM CREEK
METROPOLITAN DISTRICT NO. 1
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
The Shores on Plum Creek Metropolitan District No. 1
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Shores on Plum Creek Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the 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 Shores on Plum Creek Metropolitan District No. 1 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 (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 (GAAP), 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 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 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 Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Denver, Colorado

August 5, 2024

BASIC FINANCIAL STATEMENTS

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 11,905,742
Cash and Investments - Restricted	228,625
Prepaid Insurance	24,427
Due from Other Districts	21,308
Due from Developer	23,751
Property Tax Receivable	4
Capital Assets:	
Capital Assets Not Being Depreciated	2,592,223
Total Assets	14,796,080
LIABILITIES	
Accounts Payable	35,761
Total Liabilities	35,761
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	4
Total Deferred Inflows of Resources	4
NET POSITION	
Restricted for:	
Emergency Reserve	228,625
Unrestricted	14,531,690
Total Net Position	\$ 14,760,315

See accompanying Notes to Basic Financial Statements.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 258,372	\$ -	\$ 7,173,956	\$ -
Total Governmental Activities	\$ 258,371	\$ -	\$ 7,173,956	\$ -
 GENERAL REVENUES				
Property Taxes				1
Interest Income				446,865
Total General Revenues and Transfers				446,866
 CHANGES IN NET POSITION				
				7,362,451
				7,397,864
				\$ 14,760,315

See accompanying Notes to Basic Financial Statements.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 11,883,831	\$ 21,911	\$ 11,905,742
Cash and Investments - Restricted	228,625	-	228,625
Due from Other Districts	21,308	-	21,308
Due from Developer	23,751	-	23,751
Prepaid Insurance	24,427	-	24,427
Property Tax Receivable	4	-	4
Total Assets	\$ 12,181,946	\$ 21,911	\$ 12,203,857
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,850	\$ 21,911	\$ 35,761
Total Liabilities	13,850	21,911	35,761
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	4	-	4
Total Deferred Inflows of Resources	4	-	4
FUND BALANCES			
Nonspendable:			
Prepaid Expense	24,427	-	24,427
Restricted for:			
Emergency Reserves	228,625	-	228,625
Assigned to:			
Subsequent Year's Expenditures	885,257	-	885,257
Unassigned	11,029,783	-	11,029,783
Total Fund Balances	12,168,092	-	12,168,092
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,181,946	\$ 21,911	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Construction in Progress	2,592,223
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Net Position of Governmental Activities	\$ 14,760,315
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See accompanying Notes to Basic Financial Statements.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1	\$ -	\$ 1
Interest Income	446,865	-	446,865
Intergovernmental Revenue - Spc Md No. 2	12,976	-	12,976
Intergovernmental Revenue - Spc Md No. 3	393	-	393
Intergovernmental Revenue - Spc Md No. 4	1,207,247	-	1,207,247
Intergovernmental Revenue - Spc Md No. 6	5,418,246	-	5,418,246
Intergovernmental Revenue - Spc Md No. 7	1,847	-	1,847
Intergovernmental Revenue - SPC MD No. 8	521,678	-	521,678
Intergovernmental Revenue - SPC MD No. 10	11,569	-	11,569
Total Revenues	<u>7,620,822</u>	<u>-</u>	<u>7,620,822</u>
EXPENDITURES			
Current:			
Accounting	48,343	354	48,697
Auditing	5,800	-	5,800
District Management	17,629	-	17,629
Dues And Membership	5,851	-	5,851
Election	3,106	-	3,106
Insurance	17,079	-	17,079
Intergovernmental Expenditures	148	100,000	100,148
Legal	60,061	-	60,061
Capital Projects:			
Capital Outlay	-	921,367	921,367
Total Expenditures	<u>158,017</u>	<u>1,021,721</u>	<u>1,179,738</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,462,805	(1,021,721)	6,441,084
Developer Advance	-	604,422	604,422
Transfers From Other Funds	-	1,021,721	1,021,721
Repay Developer Advance	-	(604,422)	(604,422)
Transfers To Other Fund	<u>(1,021,721)</u>	<u>-</u>	<u>(1,021,721)</u>
NET CHANGE IN FUND BALANCES	6,441,084	-	6,441,084
Fund Balances - Beginning of Year	<u>5,727,008</u>	<u>-</u>	<u>5,727,008</u>
FUND BALANCES - END OF YEAR	<u>\$ 12,168,092</u>	<u>\$ -</u>	<u>\$ 12,168,092</u>

See accompanying Notes to Basic Financial Statements.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 6,441,084

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation, and dedication of capital assets to other governments, in the current period.

Capital Outlay 921,367

Changes in Net Position of Governmental Activities \$ 7,362,451

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1	\$ 1	\$ -
Interest Income	989	446,865	445,876
Reimbursed Expenditures	100,000	-	(100,000)
Intergovernmental Revenue - Spc Md No. 2	15,267	12,976	(2,291)
Intergovernmental Revenue - Spc Md No. 3	401	393	(8)
Intergovernmental Revenue - Spc Md No. 4	1,229,407	1,207,247	(22,160)
Intergovernmental Revenue - Spc Md No. 5	1	-	(1)
Intergovernmental Revenue - Spc Md No. 6	5,512,790	5,418,246	(94,544)
Intergovernmental Revenue - Spc Md No. 7	1,879	1,847	(32)
Intergovernmental Revenue - Spc Md No. 8	531,565	521,678	(9,887)
Intergovernmental Revenue - Spc Md No. 10	11,700	11,569	(131)
Total Revenues	<u>7,404,000</u>	<u>7,620,822</u>	<u>216,822</u>
EXPENDITURES			
Accounting	55,000	48,343	6,657
Auditing	20,000	5,800	14,200
Appraisal Services	10,000	-	10,000
Consulting	100,000	-	100,000
Contingency	100,600	-	100,600
Engineering	47,500	-	47,500
District Management	34,500	17,629	16,871
Dues And Membership	5,000	5,851	(851)
Election	5,000	3,106	1,894
Insurance	7,400	17,079	(9,679)
Intergovernmental Expenditures	-	148	(148)
Legal	75,000	60,061	14,939
Total Expenditures	<u>460,000</u>	<u>158,017</u>	<u>301,983</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,944,000	7,462,805	518,805
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	(8,800,000)	(1,021,721)	7,778,279
Total Other Financing Sources (Uses)	<u>(8,800,000)</u>	<u>(1,021,721)</u>	<u>7,778,279</u>
NET CHANGE IN FUND BALANCE	(1,856,000)	6,441,084	8,297,084
Fund Balance - Beginning of Year	<u>5,704,301</u>	<u>5,727,008</u>	<u>22,707</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,848,301</u>	<u>\$ 12,168,092</u>	<u>\$ 8,319,791</u>

See accompanying Notes to Basic Financial Statements.

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

The Shores on Plum Creek Metropolitan District Nos. 1-5 were organized pursuant to Orders of the Weld County District Court following an election in May 2018, later amended to include Nos. 6-10 (collectively, the Districts), at which time a majority of the eligible electors voted in favor of the formation of the Districts, elected members to the initial board of directors and voted in favor of certain tax and debt authorization. Pursuant to the Service Plan for The Shores on Plum Creek Metropolitan District Nos. 1-10, as amended (the Service Plan) initially approved on March 27, 2018 and amended on December 11, 2018 by the Town of Frederick (the Town), the Districts have the ability to construct and finance major public improvements as well as additional amenities, including but not limited to park and recreation, landscaping, water, drainage, wastewater, and road improvements within their boundaries. The Shores on Plum Creek Metropolitan District No. 1 (The District or District No. 1) is considered the operating district with the purpose of provided a part or all of the public improvements for the benefit of the taxpayers of the Districts. District No. 1 works in conjunction with Districts No. 2-10 to finance, construct, operate, and maintain the public improvements.

The District is a quasi-municipal governmental entity governed by an elected Board of Directors with the power to impose property taxes and other fees and charges for services within its boundaries and is an independent unit of local government, separate and distinct from the Town, within which the District is located.

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and intergovernmental revenues. 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.

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental fund:

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

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

Budgets

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

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow 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 amounts become available.

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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	\$ 11,905,742
Cash and Investments - Restricted	228,625
Total Cash and Investments	<u>\$ 12,134,367</u>

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

Deposits with Financial Institutions	\$ 44,502
Investments	12,089,865
Total Cash and Investments	<u>\$ 12,134,367</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. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

As of December 31, 2023, the District had a bank and carrying balance of \$44,502.

Investments

The District has not adopted an investment policy; however, the District follows state statutes 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.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 12,089,865</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. 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.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,619,856	\$ 921,367	\$ -	\$ 2,541,223
Easement	51,000	-	-	51,000
Total Capital Assets, Not Being Depreciated	<u>1,670,856</u>	<u>921,367</u>	<u>-</u>	<u>2,592,223</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 1,670,856</u>	 <u>\$ 921,367</u>	 <u>\$ -</u>	 <u>\$ 2,592,223</u>

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2024.

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Other Debts:					
Developer Advance - Capital	-	604,422	604,422	-	-
Subtotal Other Debts	-	604,422	604,422	-	-
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 604,422</u>	<u>\$ 604,422</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Authorization

On November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$ 966,000,000 at an interest rate not to exceed 15% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 5, 2019	Authorized But Unused
Special Assessment	\$ 69,000,000	\$ 69,000,000
Water	69,000,000	69,000,000
Sanitation	69,000,000	69,000,000
Streets	69,000,000	69,000,000
Traffic and Safety	69,000,000	69,000,000
Parks and Recreation	69,000,000	69,000,000
Transportation	69,000,000	69,000,000
Television Relay	69,000,000	69,000,000
Mosquito Control	69,000,000	69,000,000
Security	69,000,000	69,000,000
Fire Protection	69,000,000	69,000,000
Operations and Maintenance	69,000,000	69,000,000
Directional Drilling	69,000,000	69,000,000
Reimbursement	69,000,000	69,000,000
Total	<u>\$ 966,000,000</u>	<u>\$ 966,000,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$69,000,000.

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 AGREEMENTS

Funding and Reimbursement Agreement (Operations and Maintenance Costs)

On May 30, 2019, the District along with District Nos. 2-8 and District No. 10 (collectively, the Contracting Districts) entered into an Amended and Restated Funding and Reimbursement Agreement (Agreement) which superseded and replaced the Funding and Reimbursement Agreement dated June 4, 2018, with the prior development company Farfrumwurkin, LLLP. The Contracting Districts agreed to reimburse the Developer for operations and maintenance advances which had been, or were to be, made on behalf of the Contracting Districts by the issuance of a promissory note in a principal amount not to exceed \$5,000,000. The advances do not constitute multiple fiscal year financial obligations of the Contracting Districts and are not subject to annual appropriation by the Contracting Districts. The advances bear interest at a rate of 2% plus the current Federal Reserve Board Prime Rate per annum from the date of the advance. The advances are to be repaid using any legally available revenues. As of December 31, 2023, no advances were outstanding.

Intergovernmental Cooperation Agreement with the Town of Frederick

On October 8, 2019, the District entered into an Intergovernmental Agreement with the Town of Frederick (the Town) regarding Water Supplies and Water Resources. The Parties agree to cooperate on investigating and developing a detailed, yet flexible plan on how to cooperate on the optimization of the collection Water owned and leased between the Parties and/or may be acquired by a Party or by the Parties (the Plan).

NOTE 7 NET POSITION

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

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

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 228,625
Total Restricted Net Position	\$ 228,625

NOTE 8 RELATED PARTIES

All of the Board of Directors are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 INTERFUND TRANSFER

The transfer from the General Fund to the Capital Projects Fund was related to reimbursement for capital expenditures.

NOTE 10 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 maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District is a member of the Colorado Special Districts Property and Liability Pool (the 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.

The District pays annual premiums to the Pool for property 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 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On May 8, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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

SUPPLEMENTARY INFORMATION

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Accounting	-	354	(354)
Capital Outlay	8,500,000	921,367	7,578,633
Intergovernmental Expenditures	300,000	100,000	200,000
Total Expenditures	<u>8,800,000</u>	<u>1,021,721</u>	<u>7,778,279</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,800,000)	(1,021,721)	7,778,279
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	604,422	604,422
Repay Developer Advance	-	(604,422)	(604,422)
Transfers From Other Funds	8,800,000	1,021,721	(7,778,279)
Total Other Financing Sources (Uses)	<u>8,800,000</u>	<u>1,021,721</u>	<u>(7,778,279)</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**THE SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2023**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2020	\$ 10	50.000	\$ 1	\$ 1	100 %
2021	10	50.000	1	1	100
2022	10	50.000	1	1	100
2023	10	50.000	1	1	100
Estimated for the Year Ending <u>December 31,</u>					
2024	\$ 70	50.000	\$ 4		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years.