

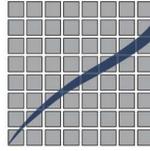
**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT**  
**Town of Johnstown, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Ledge Rock Center Commercial Metropolitan District**

Town of Johnstown, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Ledge Rock Center Commercial 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.

#### *Other Information*

Management is responsible for the other information, as identified in the table of contents. The other information 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 we do not express an opinion or provide any assurance thereon.

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

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
September 24, 2024

## **BASIC FINANCIAL STATEMENTS**

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 4,598
Cash and Investments - Restricted	41,672,237
Prepaid Expenses	2,115
Receivable from County Treasurer	76
Property Tax Receivable	8,666
Capital Assets:	
Capital Assets Not Being Depreciated	49,229,751
Total Assets	90,917,443
<b>LIABILITIES</b>	
Accounts Payable	48,762
Accrued Interest	880,843
Noncurrent Liabilities:	
Due Within One Year	119,250
Due in More Than One Year	74,601,467
Total Liabilities	75,650,322
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	8,666
Total Deferred Inflows of Resources	8,666
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserve	10
Debt Service	84,835
Capital Projects	1,705,147
Unrestricted	13,468,463
Total Net Position	\$ 15,258,455

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 778,052	\$ -	\$ -	\$ (778,052)	
Interest on Long-Term Debt and Related Costs	5,740,720	-	-	(5,740,720)	
Total Governmental Activities	\$ 6,518,772	\$ -	\$ -	(6,518,772)	
<b>GENERAL REVENUES</b>					
Property Taxes				73	
Specific Ownership Taxes				4	
Interest Income				2,627,717	
Total General Revenues				2,627,794	
<b>CHANGES IN NET POSITION</b>				(3,890,978)	
Net Position - Beginning of Year				19,149,433	
<b>NET POSITION - END OF YEAR</b>				<b>\$ 15,258,455</b>	

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 4,598	\$ -	\$ -	\$ 4,598
Cash and Investments - Restricted	10	16,680,871	24,991,356	41,672,237
Receivable from County Treasurer	36	40	-	76
Due from Other Funds	2,000	-	-	2,000
Prepaid Expenses	2,115	-	-	2,115
Property Tax Receivable	4,333	4,333	-	8,666
	<u>\$ 13,092</u>	<u>\$ 16,685,244</u>	<u>\$ 24,991,356</u>	<u>\$ 41,689,692</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 21,785	\$ 7,000	\$ 19,977	\$ 48,762
Due to Other Funds	-	2,000	-	2,000
Total Liabilities	<u>21,785</u>	<u>9,000</u>	<u>19,977</u>	<u>50,762</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	4,333	4,333	-	8,666
Total Deferred Inflows of Resources	<u>4,333</u>	<u>4,333</u>	<u>-</u>	<u>8,666</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	2,115	-	-	2,115
Restricted for:				
Emergency Reserves	10	-	-	10
Debt Service	-	16,671,911	-	16,671,911
Capital Projects	-	-	24,971,379	24,971,379
Unassigned	(15,151)	-	-	(15,151)
Total Fund Balances	<u>(13,026)</u>	<u>16,671,911</u>	<u>24,971,379</u>	<u>41,630,264</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,092</u>	<u>\$ 16,685,244</u>	<u>\$ 24,991,356</u>	

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.

49,229,751

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable

(76,004,000)

Bond Discount

1,894,995

Developer Advance Payable

(611,712)

Accrued Interest

(880,843)

Net Position of Governmental Activities

\$ 15,258,455

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 35	\$ 38	\$ -	\$ 73
Specific Ownership Taxes	2	2	-	4
Interest Income	-	899,440	1,728,277	2,627,717
Total Revenues	37	899,480	1,728,277	2,627,794
<b>EXPENDITURES</b>				
Current:				
Accounting	43,443	-	22,814	66,257
Auditing	5,150	-	-	5,150
County Treasurer's Fee	1	1	-	2
District Management	22,761	-	-	22,761
Dues And Membership	417	-	-	417
Election	662	-	-	662
Engineering	-	-	76,462	76,462
Insurance	2,608	-	-	2,608
Legal	32,931	-	70,316	103,247
Miscellaneous	79	-	-	79
Organization Costs	-	-	500,408	500,408
Debt Service:				
Bond Interest - 2022A	-	4,405,733	-	4,405,733
Bond Interest - 2022B	-	847,621	-	847,621
Bond Issue Costs	-	-	39,960	39,960
Paying Agent Fees	-	9,000	-	9,000
Capital Projects:				
Capital Outlay	-	-	21,974,372	21,974,372
Total Expenditures	108,052	5,262,355	22,684,332	28,054,739
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(108,015)	(4,362,875)	(20,956,055)	(25,426,945)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	139,303	-	22,647,241	22,786,544
Repay Developer Advance	-	-	(22,474,781)	(22,474,781)
Transfers (To) From Other Funds	-	6,037	(6,037)	-
Total Other Financing Sources	139,303	6,037	166,423	311,763
<b>NET CHANGE IN FUND BALANCES</b>	31,288	(4,356,838)	(20,789,632)	(25,115,182)
Fund Balances - Beginning of Year	(44,314)	21,028,749	45,761,011	66,745,446
<b>FUND BALANCES - END OF YEAR</b>	\$ (13,026)	\$ 16,671,911	\$ 24,971,379	\$ 41,630,264

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
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 \$ (25,115,182)

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 21,974,372

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (22,786,544)  
Repay Developer Advance 22,474,781

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability (78,084)  
Accrued Interest Payable Developer Advance - Change in Liability (251,374)  
Amortization of Bond Discount (108,947)

Changes in Net Position of Governmental Activities \$ (3,890,978)

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
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)
<b>REVENUES</b>			
Property Taxes	\$ 41	\$ 35	\$ (6)
Specific Ownership Taxes	2	2	-
Total Revenues	<u>43</u>	<u>37</u>	<u>(6)</u>
<b>EXPENDITURES</b>			
Accounting	32,000	43,443	(11,443)
Auditing	6,000	5,150	850
Contingency	22,799	-	22,799
County Treasurer's Fee	1	1	-
District Management	65,000	22,761	42,239
Dues And Membership	1,000	417	583
Election	2,500	662	1,838
Insurance	2,700	2,608	92
Legal	40,000	32,931	7,069
Miscellaneous	1,500	79	1,421
Website	1,500	-	1,500
Total Expenditures	<u>175,000</u>	<u>108,052</u>	<u>66,948</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(174,957)	(108,015)	66,942
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	172,000	139,303	(32,697)
Total Other Financing Sources (Uses)	<u>172,000</u>	<u>139,303</u>	<u>(32,697)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,957)	31,288	34,245
Fund Balance - Beginning of Year	<u>3,300</u>	<u>(44,314)</u>	<u>(47,614)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 343</u>	<u>\$ (13,026)</u>	<u>\$ (13,369)</u>

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Ledge Rock Center Commercial Metropolitan District (the 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 recorded on December 2, 2021 and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Johnstown (Town) on September 8, 2021, as amended and restated on June 6, 2022, and again on March 18, 2024.

The District was organized to provide for the planning, design, acquisition, construction installation relocation, redevelopment, financing, repair, replacement and operations and maintenance of the Public Improvements from the proceeds of debt that may be issued by the District and to provide for the ownership, operation or maintenance by the Town or District where appropriate.

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.

**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 property taxes, public improvement fees, 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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 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.

**Capital Assets**

Capital assets, which include property and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress/not yet conveyed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**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 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow 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.

**Amortization – Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

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

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

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

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2024.

**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	\$ 4,598
Cash and Investments - Restricted	<u>41,672,237</u>
Total Cash and Investments	<u><u>\$ 41,676,835</u></u>

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

Deposits with Financial Institutions	\$ 4,608
Investments	<u>41,672,227</u>
Total Cash and Investments	<u><u>\$ 41,676,835</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. 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

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 and carrying balance of \$4,608.

**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 noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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>
Morgan Stanley Institutional Liquidity Funds (MSILF Govt #8352)	Weighted-Average Under 60 Days	\$ 16,587,134
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	25,085,093
Total		<u>\$ 41,672,227</u>

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Government Portfolio**

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Liquidity Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 60 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The Morgan Stanley Institutional Liquidity Fund is rated AAAM by Standard & Poor's.

**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.

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 AAf/S1 by FitchRatings. 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2023:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 24,000,000	\$ -	\$ -	\$ 24,000,000
Construction in Progress	3,255,379	21,974,372	-	25,229,751
Total Capital Assets, Note Being Depreciated	27,255,379	21,974,372	-	49,229,751
Governmental Activities Capital Assets, Net	<u>\$ 27,255,379</u>	<u>\$ 21,974,372</u>	<u>\$ -</u>	<u>\$ 49,229,751</u>

**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, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
Series 2022A	\$ 66,815,000	\$ -	\$ -	\$ 66,815,000	\$ -
Series 2022B	9,189,000	-	-	9,189,000	-
Subtotal Bonds Payable	76,004,000	-	-	76,004,000	-
Other Debts:					
Developer Advance - Operating	47,091	139,303	-	186,394	-
Developer Advance - Capital	-	22,647,241	22,474,781	172,460	-
Accrued Interest on:					
Developer Advance - Operating	1,484	9,353	-	10,837	-
Developer Advance - Capital	-	242,021	-	242,021	-
Subtotal Other Debts	48,575	23,037,918	22,474,781	611,712	-
Bond Premium/Discount:					
Bond Discount - Series 2022A	(1,835,120)	73,448	-	(1,761,672)	80,369
Bond Discount - Series 2022B	(168,822)	35,499	-	(133,323)	38,881
Subtotal Bond Premium/Discount	(2,003,942)	108,947	-	(1,894,995)	119,250
Total Long-Term Obligations	<u>\$ 74,048,633</u>	<u>\$ 23,146,865</u>	<u>\$ 22,474,781</u>	<u>\$ 74,720,717</u>	<u>\$ 119,250</u>

**General Obligation Limited Tax Bonds, Series 2022A** (the "Senior Bonds"). The District issued the Senior Bonds on December 2, 2022, in the amount of \$66,815,000.

Proceeds of the Bonds

Proceeds from the sale of the Senior Bonds were used for the purpose of: (a) paying or reimbursing Project Costs; (b) paying capitalized interest on the bonds; (c) funding a deposit to the Surplus Fund in the amount of the Initial Surplus Deposit; and (d) paying certain costs incurred in connection with the issuance of the Bonds. The Senior Bonds have no unused lines of credit.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Details of the Senior Bonds

The Senior Bonds were issued as four term bonds bearing interest at the rate of 6.500%, 7.125%, 7.375% and 7.000% per annum, respectively, payable to the extent of Senior Pledged Revenue on each May 1 and November 1, commencing on May 1, 2023. Annual mandatory sinking fund principal payments are due on each November 1, beginning November 1, 2027. The Senior Bonds mature on November 1, 2052.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Senior Bond. Principal and interest shall be deemed paid and discharged on the Termination Date, November 2, 2062, regardless of the amount of principal and interest paid prior to the Termination Date. The Senior Bonds may be subject to acceleration pursuant to extraordinary mandatory redemption provisions as described in the Indenture.

Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on November 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
November 1, 2029, Through October 31, 2030	3.00%
November 1, 2030, Through October 31, 2031	2.00
November 1, 2031, Through October 31, 2032	1.00
November 1, 2032, and Thereafter	0.00

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue derived by the District from the following sources: the Senior Required Mill Levy; the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; Credit PIF Revenue; Add-On PIF Revenue; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior Required Mill Levy

The Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds as they come due, but (i) not in excess of 5 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2021), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 5 mills (as adjusted) or such lesser mill levy which will pay the Senior Bonds as they come due and will fund the Surplus Fund up to the Maximum Surplus Amount;

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Senior Required Mill Levy (Continued)

The District certified 5.492 mills for debt service for collection in 2023.

Surplus Fund

The Senior Bonds are also secured by the Surplus Fund which was partially funded in the amount of the initial deposit of \$6,497,000 from proceeds of the Senior Bonds. In addition to the initial deposit to the Surplus Fund, Senior Pledged Revenue that is not needed to pay debt service of the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$13,363,000. The Surplus Fund is to be maintained for so long as any Senior Bond is outstanding and is pledged to the payment of the Senior Bonds.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the Senior Required Mill Levy, or to apply the Senior Pledged Revenues as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture.

The Series 2022A Bonds principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 4,820,862	\$ 4,820,862
2025	-	4,820,862	4,820,862
2026	-	4,820,862	4,820,862
2027	425,000	4,820,862	5,245,862
2028	505,000	4,793,238	5,298,238
2029-2033	3,960,000	23,353,888	27,313,888
2034-2038	7,140,000	21,574,864	28,714,864
2039-2043	11,760,000	18,420,268	30,180,268
2044-2048	18,460,000	13,261,806	31,721,806
2049-2052	24,565,000	4,985,120	29,550,120
Total	<u>\$ 66,815,000</u>	<u>\$ 105,672,632</u>	<u>\$ 172,487,632</u>

**Subordinate Limited Tax General Obligation Bonds, Series 2022B** (the “Subordinate Bonds”). The District issued the Subordinate Bonds on December 2, 2022, in the amount of \$9,189,000.

Proceeds of the Bonds

Proceeds from the sale of the Subordinate Bonds are being used for the purpose of paying or reimbursing Project Costs; and (b) paying certain costs incurred in connection with the issuance of the Bonds. The Subordinate Bonds have no unused lines of credit.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Details of the Subordinate Bonds

The Subordinate Bonds were issued bearing interest at the rate of 9.250% per annum, respectively, payable to the extent of Subordinate Pledged Revenue on each December 1, commencing on May 1, 2023. Annual mandatory sinking fund principal payments are due on each December 1, beginning December 1, 2023. The Subordinate Bonds mature on December 1, 2052. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest and the annual debt service requirements are determined based on the availability of pledged revenue.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Subordinate Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Subordinate Bond. Principal and interest shall be deemed paid and discharged on the Termination Date, December 2, 2062, regardless of the amount of principal and interest paid prior to the Termination Date. The Subordinate Bonds may be subject to acceleration pursuant to extraordinary mandatory redemption provisions as described in the Indenture.

Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, Through November 30, 2030	3.00%
December 1, 2030, Through November 30, 2031	2.00
December 1, 2031, Through November 30, 2032	1.00
December 1, 2032, and Thereafter	0.00

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue derived by the District from the following sources: the Subordinate Required Mill Levy; the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; Subordinate Credit PIF Revenue; Subordinate Add-On PIF Revenue, Excess Surplus Fund Amount; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Subordinate Bonds as they come due, but not in excess of 5 mills less the Senior Bond mill levy (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2021).

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Events of Default of the Subordinate Bonds

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Subordinate Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture.

Authorized Debt

On November 2, 2021, a majority of the qualified electors of the District authorized the incurrence of indebtedness in an amount not to exceed \$1,737,852,000 in general obligation debt for Public Improvements in an amount not to exceed \$3,128,133,600. On December 31, 2023, the District had authorized but unissued indebtedness of \$2,704,559,200 for Public Improvements and \$347,570,400 for Debt Refunding.

	Amount Authorized on November 2, 2021	Authorization Used		Authorized But Unused
		Series 2022A Bonds	Series 2022B Bonds	
Water	\$ 173,785,200	\$ 8,962,388	\$ 117,638	\$ 164,705,174
Sanitation	173,785,200	20,244,823	117,638	153,422,739
Streets	173,785,200	11,630,537	117,638	162,037,025
Traffic and Safety	173,785,200	-	-	173,785,200
Parks and Recreation	173,785,200	11,159,313	-	162,625,887
Transportation	173,785,200	-	-	173,785,200
TV Relay and Translation	173,785,200	-	-	173,785,200
Mosquito Control	173,785,200	-	-	173,785,200
Security	173,785,200	-	-	173,785,200
Fire Protection and Emergency Medical	173,785,200	-	-	173,785,200
2022 Bonds to Allocate	-	14,817,939	8,836,086	(23,654,025)
Debt Refunding	347,570,400	-	-	347,570,400
Revenue	347,570,400	-	-	347,570,400
Directional Drilling	173,785,200	-	-	173,785,200
Reimbursement Agreements	173,785,200	-	-	173,785,200
Limited Mill Levy	173,785,200	-	-	173,785,200
Operations and Maintenance	173,785,200	-	-	173,785,200
<b>Total</b>	<b>\$ 3,128,133,600</b>	<b>\$ 66,815,000</b>	<b>\$ 9,189,000</b>	<b>\$ 3,052,129,600</b>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness in an aggregate amount up to \$204,894,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 6 NET POSITION**

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

Restricted net position includes assets that are 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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 NET POSITION (CONTINUED)**

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 10
Debt Service Reserve	84,835
Capital Projects Reserve	1,705,147
Total Restricted Net Position	\$ 1,789,992

**NOTE 7 AGREEMENTS**

**Funding and Reimbursement Agreement**

The District has approved a Multiple-Year Funding and Reimbursement Agreement (“FRA”) with Ledge Rock Center, LLC, a Kansas limited liability company (“Developer”) with an effective date of December 14, 2021. The FRA sets forth the terms upon which the Developer is to advance funds to the District to pay, or will directly pay, its ongoing operations, maintenance and administrative expenses (“O&M Expenses”) which enable it to provide administrative and operations services for itself on a periodic basis as needed from the date of the FRA up to an aggregate amount of \$1,000,000 upon written notice from the District.

The FRA provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each Advance from the date such loan amount is made to the District, until paid. Such interest shall not exceed the lesser of the current Bond Buyer 20-Bond GO index plus 4% or 8% simple interest. At December 31, 2023, there was \$186,394 in unpaid principal and \$10,837 in unpaid interest.

**Advance and Reimbursement Agreement**

The District has approved a Multiple-Year Advance and Reimbursement Agreement (“ARA”) with the Developer with an effective date of December 14, 2021. The ARA sets forth the terms upon which the Developer is to advance funds to the District to for formation and organization costs, construction, installation, and acquisition of Public Improvements (“Capital Expenses”) as needed from the date of the ARA up to an aggregate amount of \$173,785,000.

The ARA provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each Advance from the date such loan amount is made to the District, until paid. Such interest shall not exceed the lesser of the current Bond Buyer 20-Bond GO index plus 4% or 8% simple interest. At December 31, 2023, there was \$172,460 in unpaid principal and \$242,021 in unpaid interest.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 AGREEMENTS (CONTINUED)**

**Development and Reimbursement Agreement**

The District, the Developer and The Town of Johnstown entered into a Development and Reimbursement Agreement, dated, February 18, 2022, as amended by the First Amendment to the Development and Reimbursement Agreement on April 18, 2022 and as amended by the Second Amendment to the Development and Reimbursement Agreement on September 12, 2022 (Collectively, the DRA). The DRA, outlines the Development Obligations and the funding plan for the purpose of construction and/or acquisition of public improvements.

**Improvement Acquisition Agreement**

The District has approved an Improvement Acquisition Agreement, with an effective date of December 14, 2021 (“IAA”) with the Developer, setting forth the rights, obligations and procedures for the acquisition of Public Improvements from the Developer and for the reimbursement by the District to the Developer of costs related to Public Improvements.

**NOTE 8 RELATED PARTY**

A majority of the members of the Board of Directors are employees, officers, or are otherwise associated with the Developer and/or Carson Development Inc., and may have conflicts of interest in dealing with the District. The Board of Directors believes that all potential conflicts, if any, have been disclosed.

**NOTE 9 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 10 INTERFUND TRANSFERS**

The transfer from the Capital Projects Fund to the Debt Service Fund was related to the closing of the cost of issuance account from the Series 2022 Bonds.

**NOTE 11 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 (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.

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

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.

**NOTE 12 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, except Enterprises.

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 November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any currently levied taxes and fees of the District without regard to any limitation 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 benefit increases.

The District's management has taken steps it believes are necessary to comply 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**

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
DEBT SERVICE 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)
<b>REVENUES</b>			
Property Taxes	\$ 45	\$ 38	\$ (7)
Specific Ownership Taxes	3	2	(1)
Interest Income	464,000	899,440	435,440
PIF Revenue	1,070,442	-	(1,070,442)
Total Revenues	<u>1,534,490</u>	<u>899,480</u>	<u>(635,010)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	1	1	-
Pif Collection Fees	10,000	-	10,000
Paying Agent Fees	4,000	9,000	(5,000)
Bond Interest - 2022A	6,035,175	4,405,733	1,629,442
Bond Interest - 2022B	-	847,621	(847,621)
Contingency	5,824	-	5,824
Total Expenditures	<u>6,055,000</u>	<u>5,262,355</u>	<u>792,645</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,520,510)	(4,362,875)	157,635
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From Other Funds	-	6,037	6,037
Total Other Financing Sources	<u>-</u>	<u>6,037</u>	<u>6,037</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,520,510)	(4,356,838)	163,672
Fund Balance - Beginning of Year	<u>25,726,134</u>	<u>21,028,749</u>	<u>(4,697,385)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 21,205,624</u>	<u>\$ 16,671,911</u>	<u>\$ (4,533,713)</u>

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Interest Income	\$ 511,000	\$ 1,728,277	\$ 1,217,277
Total Revenues	<u>511,000</u>	<u>1,728,277</u>	<u>1,217,277</u>
<b>EXPENDITURES</b>			
Accounting	48,000	22,814	25,186
Engineering	50,000	76,462	(26,462)
Legal	60,000	70,316	(10,316)
Organization Costs	-	500,408	(500,408)
Capital Outlay	50,930,046	21,974,372	28,955,674
Bond Issue Costs	-	39,960	(39,960)
Contingency	511,000	-	511,000
Total Expenditures	<u>51,599,046</u>	<u>22,684,332</u>	<u>28,914,714</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(51,088,046)	(20,956,055)	30,131,991
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	10,911,954	22,647,241	11,735,287
Repay Developer Advance	(10,911,954)	(22,474,781)	(11,562,827)
Transfers To Other Fund	-	(6,037)	(6,037)
Total Other Financing Sources	<u>-</u>	<u>166,423</u>	<u>166,423</u>
<b>NET CHANGE IN FUND BALANCE</b>	(51,088,046)	(20,789,632)	30,298,414
Fund Balance - Beginning of Year	<u>51,088,046</u>	<u>45,761,011</u>	<u>(5,327,035)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 24,971,379</u>	<u>\$ 24,971,379</u>

## **OTHER INFORMATION**

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2023**

\$66,815,000 Limited Tax General Obligation Bonds  
Series 2022A

Date: December 2, 2022

Interest Rate: 6.500% - 7.000%

Interest Payable May 1 and November 1

Principal Payable November 1

Bonds and Interest Maturing in the  
Year Ending December 31,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 4,820,862	\$ 4,820,862
2025	-	4,820,862	4,820,862
2026	-	4,820,862	4,820,862
2027	425,000	4,820,862	5,245,862
2028	505,000	4,793,238	5,298,238
2029	595,000	4,760,412	5,355,412
2030	685,000	4,721,738	5,406,738
2031	785,000	4,677,212	5,462,212
2032	890,000	4,626,188	5,516,188
2033	1,005,000	4,568,338	5,573,338
2034	1,135,000	4,496,732	5,631,732
2035	1,270,000	4,415,862	5,685,862
2036	1,415,000	4,325,376	5,740,376
2037	1,575,000	4,224,556	5,799,556
2038	1,745,000	4,112,338	5,857,338
2039	1,930,000	3,988,006	5,918,006
2040	2,125,000	3,850,494	5,975,494
2041	2,335,000	3,699,088	6,034,088
2042	2,565,000	3,532,718	6,097,718
2043	2,805,000	3,349,962	6,154,962
2044	3,075,000	3,145,062	6,220,062
2045	3,360,000	2,920,418	6,280,418
2046	3,670,000	2,674,944	6,344,944
2047	4,000,000	2,406,813	6,406,813
2048	4,355,000	2,114,569	6,469,569
2049	4,740,000	1,796,388	6,536,388
2050	5,150,000	1,450,056	6,600,056
2051	5,595,000	1,073,750	6,668,750
2052	9,080,000	664,926	9,744,926
Total	<u>\$ 66,815,000</u>	<u>\$ 105,672,632</u>	<u>\$ 172,487,632</u>

**LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2021/2022	\$ 10,370	0.0%	-	-	-	\$ -	\$ -	- %
2022/2023	8,180	-21.1%	5.000	5.492	10.492	86	86	100.00 %
Estimated for Year Ending December 31, 2024	\$ 791,910	9581.1%	5.472	5.472	10.944	\$ 8,666		

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

Source: Weld County Assessor and Treasurer.