

Haymeadow Metropolitan District No. 5

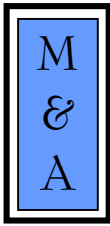
**Financial Statements
December 31, 2023**



**Haymeadow Metropolitan District No. 5
Financial Statements
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Haymeadow Metropolitan District No. 5
Eagle, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Haymeadow Metropolitan District No. 5 (the "District"), as of and for the year ended December 31, 2023, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of December 31, 2023 and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. 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 one year after the date that the financial statements are issued.

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INDEPENDENT AUDITORS REPORT
To the Board of Directors
Haymeadow Metropolitan District No. 5

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 U.S. 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 U.S. 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**INDEPENDENT AUDITORS REPORT
To the Board of Directors
Haymeadow Metropolitan District No. 5**

Required Supplementary Information (continued)

The budgetary comparison information in section D is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
July 24, 2024**

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Haymeadow Metropolitan District No. 5
Balance Sheet/
Statement of Net Position
December 31, 2023

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and investments	4,574	-	4,574
Property tax receivable	3,609	-	3,609
Due from treasurer	10	-	10
Capital obligations from Haymeadow No. 1 - 4	-	10,600,000	10,600,000
Total Assets	8,193	10,600,000	10,608,193
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	2,493	-	2,493
Accrued interest payable	-	501,710	501,710
Non-current Liabilities:			
Developer advances	-	296,500	296,500
Bonds payable	-	13,250,000	13,250,000
Total Liabilities	2,493	14,048,210	14,050,703
Deferred Inflows of Resources:			
Unavailable property tax	3,609	-	3,609
Total Deferred Inflows of Resources	3,609	-	3,609
Fund Balance / Net Position:			
Fund Balance:			
Restricted for emergencies	9,000	(9,000)	-
Unassigned	(6,909)	6,909	-
Total Fund Balance	2,091	(2,091)	-
Total Liabilities and Fund Balance	8,193		
Net Position:			
Restricted for emergencies		9,000	9,000
Unrestricted		(3,455,119)	(3,455,119)
Total Net Position		(3,446,119)	(3,446,119)

Haymeadow Metropolitan District No. 5
Statement of Revenues, Expenditures and changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	2,406	-	2,406
Specific ownership tax	137	-	137
Investment income	144	-	144
Capital fees from other districts	-	10,600,000	10,600,000
Total Revenues	<u>2,687</u>	<u>10,600,000</u>	<u>10,602,687</u>
Expenditures/Expenses:			
General government:			
Service fees paid to Haymeadow Metropolitan District No. 6	2,493	-	2,493
Capital fees paid to Haymeadow Metropolitan District No. 6	13,250,000	-	13,250,000
Treasurer fees	73	-	73
Debt service:			
Interest and fiscal changes	-	501,710	501,710
Cost of issuance	294,755	-	294,755
Total Expenditures/Expenses	<u>13,547,321</u>	<u>501,710</u>	<u>14,049,031</u>
Other Financing Sources and Uses:			
Proceeds from developer advances	296,500	(296,500)	-
Proceeds from bond issuance	13,250,000	(13,250,000)	-
Total Other Financing Sources	<u>13,546,500</u>	<u>(13,546,500)</u>	<u>-</u>
Net Change in Fund Balance / Change Net Position	1,866	(3,448,210)	(3,446,344)
Fund Balance / Net Position (Deficit)			
Beginning	225		225
Ending	<u>2,091</u>		<u>(3,446,119)</u>

NOTES TO THE FINANCIAL STATEMENTS

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

Haymeadow Metropolitan District No. 5 (the "District") was organized on November 17, 2014 as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed primarily to finance construction, operations, and maintenance of the basic public infrastructure held by Haymeadow Metropolitan District No. 6 in an area of approximately 660 acres of land within Eagle, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District performs only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts – restricted; and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports only a General Fund. The General Fund is the District's operating fund and accounts for all financial resources of the District.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note IV.A.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables and Long-term Capital Obligations

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible. Haymeadow Metropolitan Districts No. 1 through 4 are obligated under the Master Intergovernmental Agreement between the Districts to provide funding for public improvements (capital obligations).

3. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as a liability in the applicable governmental activities statement of net position.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds. Long-term obligations are recognized as a liability on the governmental fund financial statements when due. Long-term debt and other long-term obligations are reports as liabilities in the Statement of Net Position. Issuance costs are expensed as incurred.

4. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

The District doesn't have any items that qualify for reporting in deferred outflows at December 31, 2023.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve position and management reports the targeted amount annually to Board of Directors.

E. Use of Estimates

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

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital and service obligations receivable	10,600,000
Total adjustments	10,600,000

Amounts owed to the District for costs incurred to construct, operate, and maintain infrastructure are not collectible in the current period and, therefore, are not on governmental funds.

Developer advances	(296,500)
Bonds payable	(13,250,000)
Accrued interest on developer advances	(12,932)
Accrued interest on bonds payable	(488,778)
Total adjustments	(14,048,210)

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

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital and service fee revenue	10,600,000
Total adjustments	10,600,000

Increases or decreases in capital and service obligations owed to the District do not produce or use current financial resources and, therefore, are not reported in governmental funds.

Proceeds from developer advances	(296,500)
Proceeds from bonds payable	(13,250,000)
Interest accrued on long-term debt	(501,710)
Total adjustments	(14,048,210)

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

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

- (1) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year, prior to December 31, 2022.
- (2) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.
- (3) All appropriations lapse at year-end.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% or more of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$9,000 which is the approximate required reserve at December 31, 2023.

On November 4, 2014, the District's voters approved the following TABOR related ballot questions:

- (1) To increase taxes \$50,000 annually and by such other amounts collected in each year thereafter from a mill levy imposed at a rate not to exceed 50.000 mills (the actual mill levy rate for any fiscal year to be adjusted downwards or upwards by the Board of Directors in its discretion) to pay the District's administration, operations, maintenance, capital improvement and other expenses without limitation.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

(2) To increase debt \$35,000,000 with a total repayment cost of \$287,000,000 and to increase taxes \$41,300,000 annually, or by such lesser annual amount as may be necessary to pay the District's debt; such debt issued or incurred for the purpose of paying, reimbursing, or financing all or any part of the costs of designing, acquiring, construction, installing, completing, equipping and otherwise providing improvements and programs for the following (each approved separately for debt of \$35,000,000):

- Parks and recreation
- Stormwater management system
- Streets, roadways and related landscaping
- Potable water system
- Wastewater system
- Transportation system
- Traffic and safety controls
- Mosquito control
- Fire protection
- Refunding, paying, or defeasing, in whole or in part, bonds, notes, or other financial obligations of the District
- Obligations under one or more Intergovernmental Agreements with the State or any political subdivisions of the State

And all extensions of and improvements to such facilities within and without the boundaries of the District; such debt to bear interest at a net effective interest rate not in excess of 18% per annum.

(3) To authorize collection, retention and spending of any and all amounts annually from any revenue sources whatsoever (including without limitation any revenues from ad valorem property taxes, tax, specific ownership taxes, fees, rates, toll, penalties, or charges, state, federal and private grants and gifts, or any other source).

All debt and tax increases constitute voter-approved revenue changes and the proceeds of such and investment income thereon are to be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other law, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

At December 31, 2023, the District had authorized but unissued debt totaling \$385,000,000.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments

The deposits are entirely covered by federal depository insurance (“FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures the first \$250,000 of the District’s deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District’s demand deposits was \$0 at year end.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

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

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District’s investment policy limits investments to those authorized by State statutes. The District’s general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2023, the District had no unrealized gains or losses. The District had the following cash and investments with the following maturities:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Money market	Not rated	1,765	1,765	-
<i>Investment Pool:</i>				
Colostrust	AAAm	2,809	2,809	-
		<u>4,574</u>	<u>4,574</u>	<u>-</u>

At December 31, 2023, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Amount</u>
Colostrust	2,809
Total	<u>2,809</u>

The District's Investment Pool represents investments in COLOTRUST. The net asset value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2023, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

The District had invested \$2,809 in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust is 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 operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Detailed Notes on all Funds (continued)

B. Long-term Obligations

1. Developer Advances

On December 4, 2018, the District entered into two agreements with Abrika Properties, LLC (the "Developer"). Per the agreements, the Developer, in its sole discretion, may but shall not be obligated to in any manner, advance sums as requested from time to time by the District within 45 days after end of each fiscal year during the term of the agreements. If the District receives bond proceeds or has other legally available revenue, then the District will reimburse the Developer from such available sources for all amounts actually advanced, together with interest at 8.0% per annum. The agreements' term shall end on the earlier date that all reimbursable advances and any interest thereon have been paid in full or 40 years. Advances under the individual agreements are for the following:

Advance, Acquisition and Reimbursement Agreement – for Capital Advances to pay the costs of public improvements.

Operating Reimbursement Agreement – for Operating Advances, together with advances prior the agreement for organizational and operating expenses, to pay any future operating, maintenance, and/or administrative expenses.

2. General Obligation Bonds, Series 2023

The District issued \$13,250,000 of limited tax general obligation bonds on June 15, 2023, with annual interest rates of 8.00%. Interest is payable December 1, 2023 through 2039. The principal is payable on December 1 beginning in 2034 and matures in various increments through 2039. The proceeds of these bonds were used to finance public improvements through Haymeadow Metropolitan District No. 6 (see note V.A.) The Bonds constitute limited tax obligations of the District. The bonds are to be paid solely from the Pledged Revenue.

Senior Capital Pledge Agreement: As part of the issuance, the District entered into a Senior Capital Pledge Agreement, dated June 1, 2023 with the Haymeadow Metropolitan District's No.1 through 4 (the "Neighborhood Districts"). The Senior Capital Pledge Revenue agreement calls for each district to impose an annual mill levy sufficient to fund the Series 2023 Bonds, up to 50 mills. This agreement terminates once the bonds have been fully repaid, or in December 2061, whichever is earlier.

Subordinate Capital Pledge Agreement: As part of the issuance, the District entered into a Senior Capital Pledge Agreement, dated June 1, 2023 with the Neighborhood Districts. The Subordinate Capital Pledge Revenue agreement calls for each district to impose an annual mill levy sufficient to fund subordinate debt, on top of the Senior Capital Pledge, not to exceed 50 mills in total. This agreement terminates once (i) the subordinate debt has been fully repaid, or (ii) December 31, of the year forty years from the date of issuance of the subordinate obligations.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Detailed Notes on all Funds (continued)

B. Long-term Obligations (continued)

2. General Obligation Bonds, Series 2023 (continued)

Junior Capital Pledge Agreement: As part of the issuance, the District entered into a Junior Capital Pledge Agreement, dated June 1, 2023 with the Neighborhood Districts. The Junior Capital Pledge Revenue agreement calls for each district to impose an annual mill levy sufficient to fund junior debt, on top of the Subordinate and Senior Capital Pledge, not to exceed 50 mills in total. This agreement terminates once (i) the junior debt has been fully repaid, or (ii) December 31, of the year forty years from the date of issuance of the junior obligations.

The Indenture of Trust details the flow of funds as follows:

- i. To the Trustee in an amount sufficient to pay Trustee Fees
- ii. To the auditors in an amount sufficient to pay for the annual audit
- iii. To the Bond Fund to pay for mandatory redemptions of principal and interest
- iv. To the reserve fund
- v. To fund principal and interest payments on subordinate debt
- vi. To fund principal and interest payments on junior debt
- vii. To the service district

3. Annual Debt Service Requirements

The District had the following annual debt service requirements for the general obligations bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	-	488,788	488,788
2025	-	1,060,000	1,060,000
2026	-	1,060,000	1,060,000
2027	-	1,060,000	1,060,000
2028	-	1,060,000	1,060,000
2029 - 2033	-	5,300,000	5,300,000
2034 - 2038	12,386,000	3,588,800	15,974,800
2039	864,000	69,120	933,120
	<u>13,250,000</u>	<u>13,686,708</u>	<u>26,936,708</u>

4. Changes in Long-Term Debt

The District had the following changes in debt for the year ended December 31, 2023.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Developer advances	-	296,500	-	296,500	-
Bonds payable, series 2023	-	13,250,000	-	13,250,000	-
Total	<u>-</u>	<u>13,546,500</u>	<u>-</u>	<u>13,546,500</u>	<u>-</u>

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

V. Other Information

A. Intergovernmental Agreement

On December 5, 2018 the District entered into an intergovernmental agreement with Haymeadow Metropolitan District Nos. 1 through No. 4 (each individually referred to as a "Neighborhood District" and with the District collectively referred to as the "Neighborhood Districts") and Haymeadow Metropolitan District No. 6 (the "Service District"). The public improvements are described within and all terms of this agreement are subject to provisions in the Service Plan and the Annexation and Development Agreement (the "ADA"), both approved by the Town of Eagle in 2014.

Under the agreement, the Districts shall work diligently to implement the Service Plan and ADA. The Service District will develop a financing plan and the Neighborhood Districts will work cooperatively to implement the financing plan in such a way as to enable the District to construct, operate and maintain the public improvements.

The Service District is responsible for the design, acquisition, installation, construction, operation and maintenance of certain infrastructure for streets, potable and non-potable water, sewer and storm drainage, recreation trails and associated parking within the Neighborhood Districts. Development within the Neighborhood Districts is anticipated to proceed in phases subject to Town review and approval, and construction of the public improvements will be completed in phases as development and need for service necessitates.

The Neighborhood Districts shall issue limited tax general obligation debt to finance the construction and installation of the public improvements, through bonds or other instruments, at the direction of the Service District. The Neighborhood Districts shall not incur any debt of any type or kind whatsoever without the consent of the Service District, and all debt incurred by the Neighborhood Districts shall be used for the purpose of financing the installation of the public improvements at the direction of the Service District.

The Neighborhood Districts shall impose an ad valorem tax on property within each Neighborhood District in such amount as determined by the Service District sufficient to cover ongoing operations and maintenance costs of the public improvements. Each Neighborhood District shall pay to the Service District all revenue raised from any and all operational mill levies assessed by the Neighborhood Districts in order to offset the operating expenses incurred by the Service District for the provision of services to property within the Service Area. The Neighborhood Districts shall not encumber any of the operational revenues without the prior consent of the Service District.

Except for revenue pledged to debt, the Neighborhood Districts shall assign all revenue raised from all sources to the Service District in order to offset the expenses of operating and maintaining the public improvements. The Neighborhood Districts shall not retain, appropriate, expend, pledge or otherwise encumber any portion of such revenues for any other purpose, and all of such revenues and monies shall be immediately transferred and paid to the Service District.

The public improvements constructed hereunder shall be conveyed to the Town, the Service District or a homeowner's association upon Bill of Sale. The Service District shall provide the operations and maintenance services and maintain necessary insurance for the public improvements in a manner deemed appropriate by the Neighborhood Districts. The Neighborhood Districts shall have no direct responsibility for operations or maintenance of such public improvements.

Haymeadow Metropolitan District No. 5
Notes to the Financial Statements
December 31, 2023
(continued)

V. Other Information (continued)

A. Intergovernmental Agreement (continued)

During 2023, the District paid \$2,493 to the Service District as Service Fees and \$13,250,000 as Capital Fees. The District is owed Capital Obligations from the other Neighborhood District's of \$10,600,000 as of December 31, 2023.

B. Risk Management

Colorado Special Districts Property and Liability Pool

Except as provided within the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's 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.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2022 (the latest audited information available) is as follows:

Assets	<u>81,143,798</u>
Liabilities	58,670,068
Capital and surplus	<u>22,473,730</u>
Total	<u><u>81,143,798</u></u>
Revenue	29,593,851
Underwriting expense	<u>31,416,477</u>
Underwriting gain (loss)	(1,822,626)
Other Income	<u>1,695,393</u>
Net Income (Loss)	<u><u>(127,233)</u></u>

C. Related Parties

The Developer's representatives make up the majority of the members of the board of Directors. As of December 31, 2023 the District owes the developer \$296,500 in developer advances plus \$12,932 of accrued interest on developer advances.

REQUIRED SUPPLEMENTARY INFORMATION

Haymeadow Metropolitan District No. 5
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2023

	2023			Final Budget Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes	2,406	2,406	2,406	-
Specific ownership tax	108	108	137	29
Investment income	2	2	144	142
Other revenues	1,000	1,000	-	(1,000)
Total Revenues	<u>3,516</u>	<u>3,516</u>	<u>2,687</u>	<u>(829)</u>
Expenditures:				
General government:				
Service fees paid to Haymeadow Metropolitan District No. 6	2,444	2,444	2,493	(49)
Capital fees paid to Haymeadow Metropolitan District No. 6	-	15,000,000	13,250,000	1,750,000
Treasurer fees	72	72	73	(1)
Contingency	1,000	1,000	-	1,000
Debt service:				
Cost of issuance	-	-	294,755	(294,755)
Total Expenditures	<u>3,516</u>	<u>15,003,516</u>	<u>13,547,321</u>	<u>1,456,195</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(15,000,000)</u>	<u>(13,544,634)</u>	<u>1,455,366</u>
Other Financing Sources:				
Proceeds from developer advances	-	-	296,500	296,500
Proceeds from bond issuance	-	15,000,000	13,250,000	(1,750,000)
Total Other Financing Sources	<u>-</u>	<u>15,000,000</u>	<u>13,546,500</u>	<u>(1,453,500)</u>
Net Change in Fund Balance	-	-	1,866	1,866
Fund Balance - Beginning	<u>216</u>	<u>216</u>	<u>225</u>	<u>9</u>
Fund Balance - Ending	<u><u>216</u></u>	<u><u>216</u></u>	<u><u>2,091</u></u>	<u><u>1,875</u></u>