LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2023

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT I

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
- Statement of Net Position 1
- Statement of Activities 2

Fund Financial Statements:
- Balance Sheet - Governmental Funds 3
- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 4
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 5
- Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund 6

Notes to Financial Statements 7

SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Debt Service Fund 20

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Capital Projects Fund 21

OTHER INFORMATION

Schedule of Debt Service Requirements to Maturity 22

Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected 23

Haynie & Company
Certified Public Accountants & Management Consultants

1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120
303-734-4800
303-795-3356
www.HaynieCPAs.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lochbuie Station Residential Metro District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lochbuie Station Residential Metro District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lochbuie Station Residential Metro District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lochbuie Station Residential Metro District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Lochbuie Station Residential Metro 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

Auditors' 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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Lochbuie Station Residential Metro 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 Lochbuie Station Residential Metro 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.

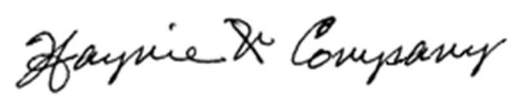
Supplementary Information

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

Other Information

Management is responsible for the other information. The other information comprises the Schedule of Debt Services Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of 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.



Littleton, Colorado
July 18, 2024

BASIC FINANCIAL STATEMENTS

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	$ 1,389
Cash and investments - restricted	418,147
Receivable from county treasurer	895
Property taxes receivable	251,404
Prepaid expenses	2,710
Capital assets, not being depreciated	3,978,517
Total assets	4,653,062
LIABILITIES	
Accounts payable	3,392
Accrued interest payable	348,903
Noncurrent liabilities:	
Bonds payable	4,066,000
Developer advances payable	4,087,435
Total liabilities	8,505,730
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	251,404
Total deferred inflows of resources	251,404
NET POSITION	
Restricted for:	
Emergencies	1,900
Unrestricted	(4,105,972)
Total net position	$ (4,104,072)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Program Revenues: Capital Grants and Contribution	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 47,246	$ -	$ -	$ -	$ (47,246)
Interest and expenses on long-term debt	417,781	-	-	-	(417,781)
	$ 465,027	$ -	$ -	$ -	(465,027)
General revenues:					
Property taxes					160,093
Specific ownership taxes					10,321
Interest					28,291
Total general revenues					198,705
Change in net position					(266,322)
Net position - beginning					(3,837,750)
Net position - ending					$ (4,104,072)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	$ 1,389	$ -	$ 1,389
Cash and investments - restricted	-	418,147	418,147
Receivable from county treasurer	85	810	895
Property taxes receivable	23,998	227,406	251,404
Prepaid expenditures	2,710	-	2,710
Total assets	$ 28,182	$ 646,363	$ 674,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 3,392	$ -	$ 3,392
Total liabilities	3,392	-	3,392
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	23,998	227,406	251,404
Total deferred inflows of resources	23,998	227,406	251,404
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	2,710	-	2,710
Restricted:			
Emergency reserves	1,900	-	1,900
Debt service	-	418,957	418,957
Unassigned	(3,818)	-	(3,818)
Total fund balances	792	418,957	419,749
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 28,182	$ 646,363	

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	3,978,517
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds	
Bonds payable	(4,066,000)
Developer advances payable	(4,087,435)
Accrued interest on long-term obligations	(348,903)
Net position of governmental activities	$ (4,104,072)

These financial statements should be read only in connection with the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property taxes	$ 15,281	$ 144,812	$ -	$ 160,093
Specific ownership taxes	985	9,336	-	10,321
Interest	-	24,472	3,819	28,291
Total revenues	16,266	178,620	3,819	198,705
EXPENDITURES				
General				
Audit	3,000	-	-	3,000
County treasurer fees	157	1,490	-	1,647
District management and accounting	27,909	-	-	27,909
Dues and subscriptions	361	-	-	361
Insurance and dues	2,608	-	-	2,608
Legal	9,414	-	-	9,414
Miscellaneous	87	-	-	87
Snow	2,220	-	-	2,220
Debt service				
Bond interest	-	203,838	-	203,838
Paying agent and cash management fees	-	8,163	195	8,358
Developer advance repayment - principal	-	-	227,162	227,162
Developer advance repayment - interest	-	-	21,746	21,746
Capital outlay				
Capital outlay	-	-	3,967,988	3,967,988
Total expenditures	45,756	213,491	4,217,091	4,476,338
EXCESS OF EXPENDITURES OVER REVENUES	(29,490)	(34,871)	(4,213,272)	(4,277,633)
OTHER FINANCING SOURCES (USES)				
Developer advances	46,000	-	3,955,278	4,001,278
Transfer to other funds	(19,710)	7,000	12,710	-
Total other financing sources (uses)	26,290	7,000	3,967,988	4,001,278
NET CHANGE IN FUND BALANCES	(3,200)	(27,871)	(245,284)	(276,355)
FUND BALANCES - BEGINNING OF YEAR	3,992	446,828	245,284	696,104
FUND BALANCES - END OF YEAR	$ 792	$ 418,957	$ -	$ 419,749

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - Total governmental funds		$ (276,355)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:		
Developer advances	(4,001,278)	
Repayment of developer advances	227,162	(3,774,116)
Governmental funds report capital outlays as expenditures. In the Statement of Activities capital outlay is not reported as an expenditure. This amount represents net capital outlay for the current period:		
Capital outlay		3,967,988
Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:		
Net change in accrued interest on long-term obligations		(183,839)
Change in net position of governmental activities		$ (266,322)

These financial statements should be read only in connection with the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Budget Amounts Original-Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 15,134	$ 15,281	$ 147
Specific ownership taxes	757	985	228
Total revenues	15,891	16,266	375
EXPENDITURES			
Audit	3,000	3,000	-
County treasurer fees	236	157	79
District management and accounting	25,000	27,909	(2,909)
Dues and subscriptions	700	361	339
Election	5,000	-	5,000
Insurance and bonds	3,000	2,608	392
Landscape	50,000	-	50,000
Legal	20,000	9,414	10,586
Miscellaneous	200	87	113
Snow	5,000	2,220	2,780
Emergency reserve Tabor 3%	3,200	-	3,200
Total expenditures	115,336	45,756	69,580
EXCESS OF EXPENDITURES OVER REVENUES	(99,445)	(29,490)	69,955
OTHER FINANCING SOURCES (USES)			
Developer advances	107,000	46,000	(61,000)
Transfer to capital fund	-	(12,710)	(12,710)
Transfer to debt service fund	(7,000)	(7,000)	-
Total other financing sources (uses)	100,000	26,290	(73,710)
NET CHANGE IN FUND BALANCE	555	(3,200)	(3,755)
FUND BALANCE - BEGINNING OF YEAR	1,075	3,992	2,917
FUND BALANCE - END OF YEAR	$ 1,630	$ 792	$ (838)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

NOTE 1 - DEFINITION OF REPORTING ENTITY

Lochbuie Station Residential Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on December 21, 2018 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within Adams County, Colorado. The District was established to provide various public improvements and services for the benefit of the property owners, residents and other taxpayers in the District.

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

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 is not financially accountable for any other District 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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and promissory notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest and related expenses on the long-term general obligation debt.

The Capital Projects Fund accounts for financial resources to be used for the construction of certain public improvements, facilities and services.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

For the year ended December 31, 2023, supplementary appropriations approved by the District's Board of Directors modified the appropriation in the Capital Projects Fund from $2,244,659 to $4,246,491.

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 account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 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.

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

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as inflows of resources in the period that the amount becomes available.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying statement of net position as follows:

Statement of net position:		
Cash and investments - unrestricted	$	1,389
Cash and investments - restricted		418,147
Total cash and investments	$	419,536

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

Deposits with financial institutions	$	1,389
Investments		418,147
Total cash and investments	$	419,536

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank balance of $2,528 and carrying balance of $1,389.

Investments

Credit Risk

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, 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 disclosure requirements or subject to investment custodial risk 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.

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

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	$ 418,147

COLOTRUST
During 2023, the District invested in COLOTRUST PLUS+, one of the three portfolios offered by the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust 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 Colotrust. The COLOTRUST PLUS+ fund operates similarly to a money market fund. COLOTRUST PLUS+ may invest in U.S. Treasury securities and repurchase agreements collateralized by such securities, certain securities of U.S. government agencies and repurchase agreements collateralized by such securities, collateralized bank deposits, AAAm rated money market funds, corporate bonds and highest rated commercial paper. A designated custodial bank serves as

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

custodian for Colotrust investment portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. Colotrust is rated AAAm by S&P Global Ratings.

Cash and investments of $418,147 are restricted in the Debt Service Fund for servicing the District's bond debt (Note 5).

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Capital assets, not being depreciated:				
Public improvements	$ 10,529	$ 3,967,988	$ -	$ 3,978,517
Total capital assets, not being depreciated	$ 10,529	$ 3,967,988	$ -	$ 3,978,517

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Retirements/ Adjustments	Balance at December 31, 2023	Due Within One Year
Bonded debt					
G.O. Bonds, Series 2020A	$ 3,545,000	$ -	$ -	$ 3,545,000	$ -
Subordinate G.O. Bonds, Series 2020B	521,000	-	-	521,000	-
Total bonded debt	$ 4,066,000	$ -	$ -	$ 4,066,000	$ -
Other long-term liabilities					
Developer advances					
Operations and maintenance	$ 172,489	$ 46,000	$ -	$ 218,489	$ -
Infrastructure and acquisition	140,830	3,955,278	227,162	3,868,946	-
Total other long-term liabilities	$ 313,319	$ 4,001,278	$ 227,162	$ 4,087,435	$ -
Total	$ 4,379,319	$ 4,001,278	$ 227,162	$ 8,153,435	$ -

A description of the long-term obligations as of December 31, 2023 is as follows:

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A

On July 16, 2020, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A (Series 2020A Bonds) in the principal amount of $3,545,000. The Series 2020A Bonds were issued for the purpose of: (i) funding the costs of public improvements for the District, (ii) paying the costs in connection with the issuance of the Series 2020A Bonds, (iii) funding a portion of the initial interest to accrue on the Series 2020A Bonds and (iv) funding an initial deposit to the surplus fund.

The Series 2020A Bonds bear interest of 5.75% payable semi-annually on June 1 and December 1 and mature on December 1, 2050. Unpaid interest on the Series 2020A Bonds will compound semiannually on each payment date. The payment of principal on the Series 2020A Bonds begins on December 1, 2026.

The Series 2020A Bonds will convert from limited tax to unlimited tax obligation bonds at such time as (a) the debt to assessed ratio is 50% or less and (b) no amounts of principal or interest on the Series 2020A Bonds are due but unpaid (conversion date).

The Series 2020A Bonds are secured by and payable solely from senior pledged revenue, which includes property taxes derived from the senior required mill levy, net of the costs of collection, senior specific ownership taxes, capital fees and any other legally available moneys of the District transferred to the senior debt fund as senior pledged revenues.

Prior to the conversion date, the senior required mill levy will not be in excess of 50 mills (subject to increases or decreases as a result of constitutional or legislative imposed adjustments), generating an amount, when combined with other sources of senior pledged revenue, sufficient to (1) fund the senior bond fund for the relevant bond year to pay all amounts as they come due and (2) fund the senior surplus fund to the senior maximum surplus amount of $709,000. The District has no obligation to fund the senior surplus fund except to the extent of the availability of senior pledged revenue. On and after the conversion date, the senior required mill levy is without limitation of rate and in amounts sufficient to pay all amounts as they come due, regardless of any subsequent increase in the debt to assessed ratio.

The Series 2020A Bonds are subject to mandatory sinking fund redemption prior to maturity, as well as extraordinary mandatory redemption prior to maturity under certain circumstances and redemption prior to maturity at the option of the District.

Significant events of default under the Series 2020A Bonds include (i) prior to the conversion date, failure to impose the senior required mill levy or to apply senior pledged revenue as required, (ii) on or after the conversion date, failure to pay principal or interest when due, (iii) failure to meet financial performance of the covenants, agreements or conditions and failure to remedy the same after notice and (iv) filing of a petition for bankruptcy or insolvency.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2020A Bonds:

Year	Principal	Interest	Total
2024	$ -	$ 203,838	$ 203,838
2025	-	203,838	203,838
2026	40,000	203,838	243,838
2027	40,000	201,538	241,538
2028	50,000	199,238	249,238
2029-2033	315,000	949,038	1,264,038
2034-2038	495,000	838,638	1,333,638
2039-2043	730,000	671,026	1,401,026
2044-2048	1,040,000	428,086	1,468,086
2049-2050	835,000	81,358	916,358
	$ 3,545,000	$ 3,980,436	$ 7,525,436

Subordinate General Obligation Limited Tax Bonds, Series 2020B

On July 16, 2020, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2020B (Series 2020B Bonds) in the principal amount of $521,000. The Series 2020B Bonds are structured as cash flow bonds, have estimated scheduled payments of principal starting in 2043 and are subordinate to the Series 2020A Bonds. The Series 2020B Bonds mature on December 15, 2050 and were issued for the purpose of funding the costs of public improvements for the District and paying the costs in connection with the issuance of the Series 2020B Bonds.

Interest on the Series 2020B Bonds is payable annually on December 15, commencing December 15, 2020 at an interest rate of 8.0% and the Series 2020B bonds mature on December 15, 2050. Unpaid interest on the Series 2020B Bonds will compound annually on each December 15. Both interest and principal are payable solely from and only to the extent of available subordinate pledged revenue which consists of the moneys derived by the District from the following sources: (i) the subordinate required mill levy, (ii)subordinate capital fees, (iii) the portion of the specific ownership taxes attributable to the property taxes imposed for debt service on the Series 2020B Bonds, (iv) amounts available, if any, after termination of the senior surplus fund and (v) any other legally available moneys which the District transfers as subordinate pledged revenue.

The subordinate required mill levy is 50 mills (subject to increases or decreases as a result of constitutional or legislative imposed adjustments) less the amount of the senior required mill levy or such lesser mill levy which will fund the subordinate bond fund in an amount sufficient

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

to pay all of the principal of and interest on the bonds in full. If the senior required mill levy equals the maximum amount in any year, the subordinate required mill levy for that year shall be zero.

The Series 2020B Bonds are subject to mandatory sinking fund redemption prior to maturity, as well as extraordinary mandatory redemption prior to maturity under certain circumstances and redemption prior to maturity at the option of the District.

Significant events of default under the Series 2020B Bonds include (i) failure to impose the subordinate required mill levy, (ii) failure to meet financial performance of the covenants, agreements or conditions and failure to remedy the same after notice, (iii) filing of a petition for bankruptcy or insolvency.

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

The Series 2020B Bonds are cash flow bonds, therefore no debt amortization schedule is presented.

Advance and Reimbursement Agreement for Operation and Maintenance Costs By and Between Lochbuie Station Residential Metropolitan District and CW-Lochbuie, LLC

The District entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs with CW-Lochbuie, LLC (Developer) on May 21, 2019 to establish the terms and conditions pursuant to which the Developer would make advances for operations and maintenance costs to the District and the District would reimburse the Developer for such advances. Under the Advance and Reimbursement Agreement, the District is required to reimburse the Developer for advances with interest at a rate of seven percent (7%) compounded annually. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations, capital improvements and debt service costs and expenses of the District. Amounts payable under the Advance and Reimbursement Agreement are subordinate to any bonded indebtedness of the District. As of December 31, 2023, there was $218,489 in principal and $32,279 accrued and unpaid interest outstanding under the District's Advance and Reimbursement Agreement.

Infrastructure Funding and Acquisition Agreement By and Between Lochbuie Station Residential Metropolitan District and CW-Lochbuie

Under the Infrastructure Funding and Acquisition Agreement, the District is required to reimburse the Developer for the cost of public improvements accepted by the District plus interest at a rate of seven percent (7%) per annum. Payments made by the District are subject to

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

annual appropriation and budget approval and are not to be made from funds otherwise required for operations and maintenance or debt service on the District's senior bonds. The District also agreed to provide for the reimbursement from funds available from bonds issued by the District. As of December 31, 2023, there was $3,868,946 in principal and $140,336 in accrued and unpaid interest outstanding under the District's Infrastructure Funding and Acquisition Agreement.

Infrastructure Acquisition Agreement By and Between Lochbuie Station Residential Metropolitan District, CW- Lochbuie, LLC and Lochbuie Real Estate Partners, LLC

The District entered into an Infrastructure Acquisition Agreement with the Developer and Lochbuie Real Estate Partners, LLC (LREP) on October 31, 2019 to establish the terms and conditions for reimbursement by the District for the costs of design and construction of certain improvements constructed by LREP on behalf of and for the benefit of the District. Under the agreement, all rights of payment related to such improvements are assigned by LREP to the Developer. Interest on unpaid advances accrues at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations and maintenance or debt service on the District's senior bonds. There are no outstanding amounts due under this agreement as of December 31, 2023.

Debt Authorization

As of December 31, 2023, the District has authorized but unissued indebtedness of $64,344,000. The District has not budgeted to issue any new debt during 2024.

NOTE 6 – FUND EQUITY

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of $2,710 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of $1,900 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of $418,957 is to be used exclusively for debt service requirements.

NOTE 6 – FUND EQUITY (CONTINUED)

Unassigned Fund Balance

The District anticipates that the deficit unassigned fund balance in the amount of $3,818 will be eliminated with developer advances.

NOTE 7 - NET POSITION

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

The restricted portion of the net position include amounts that are restricted either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2023 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 9)	$ 1,900
	$ 1,900

NOTE 8- RISK MANAGEMENT

Except as provided in 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, injuries to employees or acts of God.

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

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 - TAX, SPENDING AND DEBT 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 Enterprise.

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

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

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

SUPPLEMENTAL INFORMATION

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023

	Budget Amounts Original-Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 145,125	$ 144,812	$ (313)
Specific ownership taxes	7,256	9,336	2,080
Interest	4,000	24,472	20,472
Total revenues	156,381	178,620	22,239
EXPENDITURES			
County treasurer fees	2,177	1,490	687
Interest - Series 2020A Bonds	203,838	203,838	-
Paying agent and cash management fee	10,000	8,163	1,837
Total expenditures	216,015	213,491	2,524
EXCESS OF EXPENDITURES OVER REVENUES	(59,634)	(34,871)	24,763
OTHER FINANCING SOURCES			
Transfer from general fund	7,000	7,000	-
Total other financing sources	7,000	7,000	-
NET CHANGE IN FUND BALANCE	(52,634)	(27,871)	24,763
FUND BALANCE - BEGINNING OF YEAR	441,307	446,828	5,521
FUND BALANCE - END OF YEAR	$ 388,673	$ 418,957	$ 30,284

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	$ -	$ 3,819	$ 3,819	$ -
Total revenues	-	3,819	3,819	-
EXPENDITURES				
Debt service				
Developer advance repayments - principal	250,000	248,908	227,162	21,746
Developer advance repayments - interest	-	-	21,746	(21,746)
Cash management fees	100	195	195	-
Capital outlay				
Capital outlay	1,994,559	3,997,388	3,967,988	29,400
Total expenditures	2,244,659	4,246,491	4,217,091	29,400
EXCESS OF EXPENDITURES OVER REVENUES	(2,244,659)	(4,242,672)	(4,213,272)	(29,400)
OTHER FINANCING SOURCES				
Developer advances	2,000,000	3,984,678	3,955,278	(29,400)
Transfer from general fund	-	12,710	12,710	-
Total other financing sources	2,000,000	3,997,388	3,967,988	(29,400)
NET CHANGE IN FUND BALANCE	(244,659)	(245,284)	(245,284)	-
FUND BALANCE - BEGINNING OF YEAR	244,659	245,284	245,284	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

OTHER INFORMATION

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023
$3,545,000
General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds
Series 2020A
Dated July 16, 2020
Interest Rate 5.75%
Interest payable June 1 and December 1; Principal due December 1

	Principal	Interest	Total
2024	-	203,838	203,838
2025	-	203,838	203,838
2026	40,000	203,838	243,838
2027	40,000	201,538	241,538
2028	50,000	199,238	249,238
2029	50,000	196,362	246,362
2030	60,000	193,488	253,488
2031	60,000	190,038	250,038
2032	70,000	186,588	256,588
2033	75,000	182,562	257,562
2034	85,000	178,250	263,250
2035	90,000	173,362	263,362
2036	100,000	168,188	268,188
2037	105,000	162,438	267,438
2038	115,000	156,400	271,400
2039	125,000	149,788	274,788
2040	135,000	142,600	277,600
2041	145,000	134,838	279,838
2042	160,000	126,500	286,500
2043	165,000	117,300	282,300
2044	180,000	107,812	287,812
2045	190,000	97,462	287,462
2046	210,000	86,538	296,538
2047	220,000	74,462	294,462
2048	240,000	61,812	301,812
2049	255,000	48,012	303,012
2050	580,000	33,346	613,346
	$ 3,545,000	$ 3,980,436	$ 7,525,436

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2020	$ 10	55.277	$ 1	$ 1	100.00%
2021	$ 24,320	55.663	$ 1,354	$ 1,352	100.00%
2022	$ 100,990	55.681	$ 5,624	$ 5,624	100.00%
2023	$ 2,882,330	55.663	$ 160,439	$ 160,093	99.78%
Estimated for the year ending December 31, 2024	$ 4,279,220	58.750	$ 251,404		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.