

# LAW OFFICE OF MICHAEL E. DAVIS, LLC

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July 5, 2023

Weld County Clerk & Recorder  
1402 North 17th Avenue  
Greeley, CO 80631  
weld-districts@weldgov.com

Division of Local Government  
Department of Local Affairs  
1313 Sherman Street, Room 521  
Denver, CO 80203

Office of the State Auditor  
Local Government Audit Division  
1525 Sherman Street, 7th Floor  
Denver, CO 80203

Board of County Commissioners  
Weld County  
P.O. Box 758  
Greeley, CO 80632  
kford@weldgov.com

**RE: 2022 Annual Report**

To Whom It May Concern:

Enclosed for your records is the annual report for 2022 for the below captioned district. Please contact me with any questions or concerns. Thank you.

Real Weld Metropolitan District

LAW OFFICE OF MICHAEL E. DAVIS, LLC



Marisa Davis, Senior Paralegal

Enclosure

**REAL WELD METROPOLITAN DISTRICT  
COUNTY OF WELD, STATE OF COLORADO**

**ANNUAL REPORT FOR FISCAL YEAR 2022**

Pursuant to the Service Plan for Real Weld Metropolitan District (the “District”), the District is required to provide an annual report to the Weld County. In accordance with the requirements of § 32-1-207(3)(c), C.R.S., the District hereby provides its’ annual report with regard to the following matters:

- a. Boundary changes made;
- b. Intergovernmental agreements entered into or terminated with other governmental entities;
- c. Access information to obtain a copy of rules and regulations adopted by the board;
- d. A summary of any litigation involving public improvements owned by the District;
- e. The status of the construction of public improvements by the District;
- f. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the County;
- g. The final assessed valuation of the District as of December 31 of the report year;
- h. A copy of the current year’s budget;
- i. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, Part 6 of Article 1 of Title 29, or the application for exemption from audit, as applicable;
- j. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District; and
- k. Any inability of the District to pay its obligations as they become due under any obligation which continue beyond a ninety (90) day period.

**For the year ending December 31, 2022, the District makes the following report:**

- a. Boundary changes made;

The District boundaries changed in 2022 in connection with the inclusion of property into the District. The District's updated boundary map and legal description is include herein as **Exhibit A**.

- b. Intergovernmental agreements entered into or terminated with other governmental entities;

The District did not enter into, or terminate any IGAs in 2022.

- c. Access information to obtain a copy of rules and regulations adopted by the board;

There are no rules and regulations.

- d. A summary of any litigation involving public improvements owned by the District;

We are not aware of any litigation, pending or threatened, involving public improvements owned by the District.

- e. The status of the construction of public improvements by the District;

No Public Improvements were constructed by the District during the reporting period.

- f. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the County;

No Public Improvements have been dedicated to the City as of December 31st of the report year.

- g. The final assessed valuation of the District as of December 31 of the report year;

The assessed value for 2022 was \$194,330

- h. A copy of the current year's budget;

The budget resolution for the current year is attached hereto as **Exhibit B**.

- i. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", Part 6 of Article 1 of Title 29, or the application for exemption from audit, as applicable;

The audited financial statements are attached hereto as **Exhibit C**.

- j. Notice of any uncured defaults existing more than ninety (90) days under any debt instrument of the District;

The District has not issued any Debt instruments, and has not received any notices of uncured events of default under any Debt instrument.

- k. Any inability of the District to pay its obligations as they become due under any obligation which continues beyond a ninety (90) day period.

There was no inability of the District to pay any of its obligations as they came due, in accordance with the terms of any such obligations.

EXHIBIT A

LEGAL DESCRIPTION:

A part of §29-T1-R65, LOT B REC EXEMPT RE-4247;

AND

A part of §29-T1-R65, LOT A REC EXEMPT RE-4247;  
County of Weld, State of Colorado

AND

COMMENCING AT A POINT, SAID POINT BEING THE EAST QUARTER SECTION OF SECTION 15 TOWNSHIP 1 NORTH RANGE 66W OF THE 6TH PM, AS MONUMENTED BY A 2 1/2" ALUMINUM CAP AND STAMPED LS 19585, THENCE S89°34'00"W, A DISTANCE OF 624.82 FEET TO THE POINT OF TRUE BEGINNING THENCE S89°34'00"W, A DISTANCE OF 2,028.05 FEET, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, TO THE CENTER OF SAID SECTION 15 THENCE S89°33'40"W, A DISTANCE OF 1,049.11 FEET, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15 TO A POINT ON THE CENTER LINE OF THE BRIGHTON LATERAL DITCH DEPARTING SAID QUARTER SECTION LINE AND FOLLOWING THE CENTER OF THE BRIGHTON LATERAL DITCH THENCE N42°49'49"W, A DISTANCE OF 0.23 FEET; TO THE SOUTHEAST CORNER OF THE PARCEL DESCRIBED IN THE RECORDED EXEMPTION PLAT NO. 1471-15-02 RE-4389, RECEPTION # 3420418 COUNTY OF WELD, STATE OF COLORADO, DATED 09/18/2006 THENCE ALONG THE WEST BOUNDARY OF SAID PARCEL FOLLOWING THE NEXT 10 COURSES: N17°17'40"E, A DISTANCE OF 15.04 FEET; THENCE N25°54'39"E, A DISTANCE OF 159.22 FEET; THENCE N42°09'41"E, A DISTANCE OF 118.42 FEET; THENCE N26°42'43"E, A DISTANCE OF 328.88 FEET; THENCE N1°23'23"W, A DISTANCE OF 59.57 FEET; THENCE N19°51'05"W, A DISTANCE OF 291.35 FEET; THENCE N11°16'24"W, A DISTANCE OF 162.93 FEET; THENCE N1°55'10"E, A DISTANCE OF 135.07 FEET; THENCE N7°56'58"W, A DISTANCE OF 173.68 FEET; THENCE N10°42'07"W, A DISTANCE OF 229.05 FEET; DEPARTING SAID WEST BOUNDARY LINE THENCE N90°00'00"E, A DISTANCE OF 2,960.95 FEET; THENCE S00°20'28"E, A DISTANCE OF 1,541.40 FEET TO THE POINT OF BEGINNING. County of Weld, State of Colorado.

Together with the following described non-exclusive ingress and egress access easement:

COMMENCING AT A POINT, SAID POINT BEING THE SOUTHEAST CORNER OF THE WEST HALF THE SOUTHEAST QUARTER OF SECTION 10 TOWNSHIP 1 NORTH RANGE 66W OF THE 6TH PM, AS MONUMENTED BY A 2 1/2" ALUMINUM CAP THENCE N83°39'32"E, A DISTANCE OF 251.93 FEET TO THE POINT OF TRUE BEGINNING, SAID POINT ON THE SOUTH RIGHT OF WAY LINE OF WELD COUNTY ROAD 10 THENCE ALONG SAID SOUTH RIGHT OF WAY LINE N89°30'07"E, A DISTANCE OF 50.00 FEET; THENCE DEPARTING SAID RIGHT OF WAY LINE S00°05'39"W, A DISTANCE OF 1,080.56 FEET; THENCE N90°00'00"W, A DISTANCE OF 50.00 FEET; THENCE N00°05'39"E, A DISTANCE OF 1,080.12 FEET TO THE POINT OF BEGINNING. County of Weld, State of Colorado.

[illegible]

EXHIBIT B

Thereupon, Director Sailor introduced and moved the adoption of the following Resolution:



## RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAY THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE REAL WELD METROPOLITAN DISTRICT, WELD COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023 AND ENDING ON THE LAST DAY OF DECEMBER, 2023.

WHEREAS, the Board of Directors (the “Board”) of the Real Weld Metropolitan District (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2022; and

WHEREAS, the proposed 2023 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on October 1, 2022 in the Greeley Tribune, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 6:30 PM on Tuesday, October 4, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REAL WELD METROPOLITAN DISTRICT, WELD COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2023 Revenues and 2023 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2023, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, or as amended, and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023.

Section 3.     2023 Levy of General Property Taxes.     That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the General Fund for operating expenses is \$1,302,500, and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$194,330. That for the purposes of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2022.

Section 4.     2023 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$0 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$194,330. That for the purposes of meeting all debt retirement expenses of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2022.

Section 5.     Certification to Board of County Commissioners. That the attorney, accountant or manager for the District is hereby authorized and directed to certify to the Weld County Board of County Commissioners, no later than December 15, 2022, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

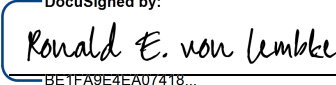
Section 6.     Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 7.     Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director DeBerry.

RESOLUTION APPROVED AND ADOPTED ON OCTOBER 4, 2022.

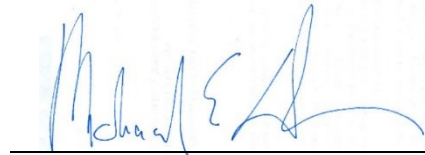
REAL WELD METROPOLITAN DISTRICT

By:  DocuSigned by:  
BETFA9E4EA07418...  
Ronald E. von Lembke, President

ATTEST:

 DocuSigned by:  
5FEEEE7E5DA344CD...  
Lance Baller, Assistant Secretary

APPROVED AS TO FORM:  
LAW OFFICE OF MICHAEL E. DAVIS, LLC  
As General Counsel to the District



STATE OF COLORADO  
COUNTY OF WELD  
REAL WELD METROPOLITAN DISTRICT

I, Lance Baller, hereby certify that I am a director and the duly elected and qualified Assistant Secretary of Real Weld Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 6:30 PM on Tuesday, October 4, 2022, via teleconference by dialing +1 720-439-5147,,237082681#, Conference ID: 237 082 681# or videoconference on <https://tinyurl.com/ycx69d8a> and entering Meeting ID: 274 930 016 179, Passcode: hxSt4x, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on October 4, 2022.

DocuSigned by:  
  
5FEEE7E5DA344CD  
Lance Baller, Assistant Secretary

**EXHIBIT A**  
**2023 BUDGET DOCUMENT & BUDGET MESSAGE FOR**  
**REAL WELD METROPOLITAN DISTRICT**

**REAL WELD METROPOLITAN DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

**REAL WELD METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
<b>ASSESSED VALUATION</b>			
Residential	\$ -	\$ -	\$ 4,940
Agricultural	-	-	10,750
Vacant land	-	47,530	-
Oil and Gas	-	-	52,030
Personal Property	-	-	122,910
State Assessed	-	-	3,700
	-	47,530	194,330
Certified Assessed Value	\$ -	\$ 47,530	\$ 194,330
<b>MILL LEVY</b>			
General	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000
<b>PROPERTY TAXES</b>			
General	\$ -	\$ -	\$ -
Budgeted property taxes	\$ -	\$ -	\$ -
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**REAL WELD METROPOLITAN DISTRICT  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/3/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 25,000	\$ 831,182
REVENUES			
Developer advance	31,074	4,480	-
Intergovernmental revenues	-	950,000	500,000
Interest income	-	25	2,500
Total revenues	31,074	954,505	502,500
Total funds available	31,074	979,505	1,333,682
EXPENDITURES			
General and administrative			
Accounting	650	5,000	5,750
Auditing	-	-	6,500
District management	-	-	8,000
Dues and licenses	-	356	400
Insurance and bonds	-	-	3,400
Legal services	5,424	9,000	2,500
Contract services	-	26,066	300,000
Repay developer advance	-	83,424	-
Miscellaneous	-	22,477	-
Capital outlay	-	-	950,000
Directors' fees	-	2,000	3,000
Contingency	-	-	22,950
Total expenditures	6,074	148,323	1,302,500
Total expenditures and transfers out requiring appropriation	6,074	148,323	1,302,500
ENDING FUND BALANCE	\$ 25,000	\$ 831,182	\$ 31,182
EMERGENCY RESERVE	\$ 1,000	\$ 28,700	\$ 15,100
AVAILABLE FOR OPERATIONS	24,000	802,482	16,082
TOTAL RESERVE	\$ 25,000	\$ 831,182	\$ 31,182

No assurance provided. See summary of significant assumptions.



**REAL WELD METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Real Weld Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the County of Weld on January 9, 2020 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the County on September 23 2019. The District's service area is located in Weld County.

The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements and to provide operation and maintenance of the Public Improvements and of other recreation facilities under agreements with other entities and local governments.

During elections held on November 5, 2019 a majority of the District's electors authorized general obligation indebtedness of \$25,000,000 for the above listed facilities, intergovernmental agreements and debt refunding.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Intergovernmental Revenues**

The primary sources of funds for 2023 are intergovernmental revenues. The District anticipates receiving intergovernmental revenues totaling \$500,000 to pay for operations and maintenance expenses.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on historical data.

**REAL WELD METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to consulting services and capital acquisitions are also included in the General Fund budget.

**Debt and Leases**

The District has no outstanding debt, nor operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

**This information is an integral part of the accompanying budget.**

**CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments**TO: County Commissioners<sup>1</sup> of WELD COUNTY, Colorado.On behalf of the REAL WELD METRO DISTRICT,  
(taxing entity)<sup>A</sup>the Board of Directors  
(governing body)<sup>B</sup>of the REAL WELD METRO DISTRICT  
(local government)<sup>C</sup>Hereby officially certifies the following mills  
to be levied against the taxing entity's GROSS \$ \$194,330.00  
assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)Note: If the assessor certified a NET assessed valuation  
(AV) different than the GROSS AV due to a Tax  
Increment Financing (TIF) Area<sup>F</sup> the tax levies must be \$ \$194,330.00  
calculated using the NET AV. The taxing entity's total  
property tax revenue will be derived from the mill levy  
multiplied against the NET assessed valuation of: (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED  
BY ASSESSOR NO LATER THAN DECEMBER 10**Submitted: 12/14/2022 for budget/fiscal year 2023.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)**PURPOSE** (see end notes for definitions and examples)**LEVY<sup>2</sup>****REVENUE<sup>2</sup>**

1. General Operating Expenses <sup>H</sup>	<u>0.000</u> mills	\$ <u>0</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< <u>        </u> > mills	\$ < <u>0</u> >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<u>0</u> mills	\$ <u>0</u>
3. General Obligation Bonds and Interest <sup>J</sup>	<u>        </u> mills	\$ <u>0</u>
4. Contractual Obligations <sup>K</sup>	<u>        </u> mills	\$ <u>0</u>
5. Capital Expenditures <sup>L</sup>	<u>        </u> mills	\$ <u>0</u>
6. Refunds/Abatements <sup>M</sup>	<u>        </u> mills	\$ <u>0</u>
7. Other <sup>N</sup> (specify): <u>  </u>	<u>        </u> mills	\$ <u>        </u>
	<u>        </u> mills	\$ <u>        </u>
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<u>0</u> mills	\$ <u>0</u>

Contact person: (print) Carrie Beacom Daytime phone: 303-779-5710  
Signed:    Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

## CERTIFICATION OF TAX LEVIES, continued

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

1.      Purpose of Issue: \_\_\_\_\_  
          Series: \_\_\_\_\_  
          Date of Issue: \_\_\_\_\_  
          Coupon Rate: \_\_\_\_\_  
          Maturity Date: \_\_\_\_\_  
          Levy: \_\_\_\_\_  
          Revenue: \_\_\_\_\_
  
2.      Purpose of Issue: \_\_\_\_\_  
          Series: \_\_\_\_\_  
          Date of Issue: \_\_\_\_\_  
          Coupon Rate: \_\_\_\_\_  
          Maturity Date: \_\_\_\_\_  
          Levy: \_\_\_\_\_  
          Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

3.      Purpose of Contract: \_\_\_\_\_  
          Title: \_\_\_\_\_  
          Date: \_\_\_\_\_  
          Principal Amount: \_\_\_\_\_  
          Maturity Date: \_\_\_\_\_  
          Levy: \_\_\_\_\_  
          Revenue: \_\_\_\_\_
  
4.      Purpose of Contract: \_\_\_\_\_  
          Title: \_\_\_\_\_  
          Date: \_\_\_\_\_  
          Principal Amount: \_\_\_\_\_  
          Maturity Date: \_\_\_\_\_  
          Levy: \_\_\_\_\_  
          Revenue: \_\_\_\_\_

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Notes:

<sup>A</sup> **Taxing Entity**—A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity*'s boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government<sup>C</sup>.

<sup>B</sup> **Governing Body**—The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity*'s mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

<sup>C</sup> **Local Government** - For purposes of this line on Page 1 of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

<sup>D</sup> **GROSS Assessed Value** - There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a "tax increment financing" entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity*'s total mills upon the *taxing entity*'s *Gross Assessed Value* found on Line 2 of Form DLG 57.

<sup>E</sup> **Certification of Valuation by County Assessor, Form DLG 57** - The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25<sup>th</sup> each year and may amend it, one time, prior to December 10<sup>th</sup>. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

<sup>F</sup> **TIF Area**—A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use "tax increment financing" to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity*'s mill levy applied against the *taxing entity*'s gross assessed value after subtracting the *taxing entity*'s revenues derived from its mill levy applied against the net assessed value.

<sup>G</sup> **NET Assessed Value**—The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

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**<sup>H</sup> General Operating Expenses (DLG 70 Page 1 Line 1)**—The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

**<sup>I</sup> Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)**—The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

**<sup>J</sup> General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)**—Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

**<sup>K</sup> Contractual Obligation (DLG 70 Page 1 Line 4)**—If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

**<sup>L</sup> Capital Expenditures (DLG 70 Page 1 Line 5)**—These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if approved at election. Only levies approved by these methods should be entered on Line 5.

**<sup>M</sup> Refunds/Abatements (DLG 70 Page 1 Line 6)**—The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, if the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

**<sup>N</sup> Other (DLG 70 Page 1 Line 7)**—Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.

EXHIBIT C

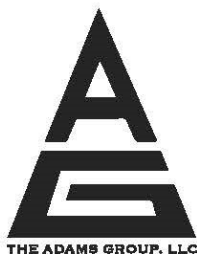
REAL WELD METROPOLITAN DISTRICT  
Weld County, Colorado

FINANCIAL STATEMENTS  
DECEMBER 31, 2022



## TABLE OF CONTENTS

Independent Auditors' Report	1
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements</u>	
Statement of Net Position	3
Statement of Activities	4
<u>Governmental Fund Financial Statements</u>	
Balance Sheet - Governmental Fund	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	6
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balance of the Governmental Fund to the Statement of Activities	7
Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund	8
NOTES TO THE FINANCIAL STATEMENTS	9 – 16



THE ADAMS GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Real Weld Metropolitan District  
Weld County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Real Weld Metropolitan District (the District) as of and for the year ended December 31, 2022, 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 the major fund of the District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison schedule for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

## **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 auditors' 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 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 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 opinions on the basic financial statements are not affected by this missing information.

*The Adams Group, LLC*

Denver, Colorado  
March 27, 2023

## BASIC FINANCIAL STATEMENTS

REAL WELD METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 803,938
Total Assets	<u>803,938</u>
<u>Liabilities</u>	
Accounts payable	<u>25,924</u>
Total Liabilities	<u>25,924</u>
<u>Net Position</u>	
Restricted	
Emergencies	28,500
Unrestricted	<u>749,514</u>
Total Net Position	<u>\$ 778,014</u>

The accompanying notes are an integral part of the financial statements.

REAL WELD METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 118,423	\$ -	\$ -	\$ -	\$ (118,423)
Interest and fiscal charges	2,958	-	-	-	(2,958)
Total Governmental Activities	<u>\$ 121,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(121,381)</u>
GENERAL REVENUES:					
Intergovernmental revenues					<u>950,000</u>
Total General revenues					<u>950,000</u>
Change in net position					828,619
Net Position, Beginning					<u>(50,605)</u>
Net Position, Ending					<u>\$ 778,014</u>

The accompanying notes are an integral part of the financial statements.

REAL WELD METROPOLITAN DISTRICT  
GOVERNMENTAL FUND – BALANCE SHEET  
DECEMBER 31, 2022

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 803,938
Total Assets	<u>\$ 803,938</u>
 <u>Liabilities and fund balance</u>	
Liabilities:	
Accounts payable	\$ 25,924
Total Liabilities	<u>25,924</u>
 Fund balance:	
Assigned	
Subsequent year budget	749,514
Restricted	
Emergencies	<u>28,500</u>
Total Fund Balance	<u>778,014</u>
Total Liabilities and Fund Balance	<u>\$ 803,938</u>
 Total fund balance, governmental funds	<u>\$ 778,014</u>
 Total net position of governmental activities	<u>\$ 778,014</u>

The accompanying notes are an integral part of the financial statements.

REAL WELD METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>
<u>Revenues</u>	
Intergovernmental revenues	\$ 950,000
Total revenues	<u>950,000</u>
<u>Expenditures</u>	
Current:	
Accounting and legal	20,067
Insurance	355
Contract services	97,762
Miscellaneous	239
Debt service:	
Principal	74,492
Interest	8,551
Total expenditures	<u>201,466</u>
Excess revenues over expenditures	748,534
<u>Other financing sources</u>	
Developer advances	<u>4,480</u>
Total other financing sources	<u>4,480</u>
Net change in fund balance	753,014
Fund balance - beginning	<u>25,000</u>
Fund balance - ending	<u>\$ 778,014</u>

The accompanying notes are an integral part of the financial statements.



REAL WELD METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - total governmental fund: \$ 753,014

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

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

Developer proceeds	(4,480)
Repayment of principal of developer advances	74,492

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

Change in accrued interest on developer advances	<u>5,593</u>
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Change in net position of governmental activities	<u><u>\$ 828,619</u></u>
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The accompanying notes are an integral part of the financial statements.

REAL WELD METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Intergovernmental revenues	\$ 1,000,000	\$ 950,000	\$ (50,000)
Total revenues	<u>1,000,000</u>	<u>950,000</u>	<u>(50,000)</u>
<u>Expenditures</u>			
Current:			
Accounting and legal	5,500	20,067	(14,567)
Insurance	3,300	355	2,945
Contract services	200,000	97,762	102,238
Miscellaneous	-	239	(239)
Debt service:			
Principal	85,000	74,492	10,508
Interest	5,000	8,551	(3,551)
Total expenditures	<u>298,800</u>	<u>201,466</u>	<u>97,334</u>
Excess (deficiency) revenues over (under) expenditures	701,200	748,534	47,334
<u>Other financing sources</u>			
Developer advances	30,000	4,480	(25,520)
Total other financing sources	<u>30,000</u>	<u>4,480</u>	<u>(25,520)</u>
Net change in fund balances	731,200	753,014	21,814
Fund balance - beginning	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 756,200</u>	<u>\$ 778,014</u>	<u>\$ 21,814</u>

The accompanying notes are an integral part of the financial statements.

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 – DEFINITION OF REPORTING ENTITY

Real Weld Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on January 8, 2020 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in Weld County, Colorado (the County).

The District was established to plan for, design, acquire, construct, install, relocate, redevelop and finance the public improvements and to provide operation and maintenance for the public improvements and of other recreation facilities under agreements with other entities and local governments. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the County or its designee for operation and maintenance. 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 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. Governmental activities are normally supported by intergovernmental revenues.

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

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for the governmental fund. 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 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.

As of December 31, 2022, the District had no sources of revenue susceptible to accrual. 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 fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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 includes total fund expenditures and other financing uses 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.

Assets, Liabilities, and Fund Balance / Net Position

Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. At December 31, 2022, the value of investments reported by the District was \$0.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Balances – Governmental Fund

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. As of December 31, 2022, the District had no balances classified as nonspendable.

*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. The restricted fund balance in the General Fund in the amount of \$28,500 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).

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making District (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 of action to remove or change the constraint. The District had no items reported as committed as of December 31, 2022.

*Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District’s Board of Directors or by an official or body to which the District Board of Directors delegates the District. The assigned fund balance in the General Fund in the amount of \$749,514 is a result of a budgeted deficit for the year ended December 31, 2023.

*Unassigned fund balance* – amounts that are available for any purpose. At December 31, 2022, the District had unassigned fund balance of \$0.

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’s Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report up to three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. As of December 31, 2022, the District had no capital assets and therefore, no net investment in capital assets reported.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Current Year GASB Pronouncement

For the year ended December 31, 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, which is effective for financial statement periods beginning after June 15, 2021. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. For the year ended December 31, 2022, the implementation of the new standard had no material impact on the District.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022, are classified in the accompanying statement of net position as follows:

Deposits with financial institutions	\$ 803,938
Total cash deposits	<u>\$ 803,938</u>

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, 2022, the District's cash deposits had a bank balance of \$803,938.

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2021	Due in One Year
Developer Advances					
Principal	\$ 70,012	\$ 4,480	\$ 74,492	\$ -	\$ -
Developer Advances					
Accrued Interest	5,593	2,958	8,551	-	-
	<u>\$ 75,605</u>	<u>\$ 7,438</u>	<u>\$ 83,043</u>	<u>\$ -</u>	<u>\$ -</u>

The detail of the District's long-term obligations is as follows:

Advance and Reimbursement Agreement – Ronald E. vonLembke

The District entered into an advance and reimbursement agreement with Ronald E. vonLembke on October 8, 2020. The agreement establishes the terms and conditions for reimbursement on advance of funds for operation and maintenance costs, including, but not limited to, legal, accounting, design, engineering and management costs associated with certain public improvements, facilities and services. Interest accrues on amounts certified and accepted for reimbursement at an annual rate of 7.05%. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, public improvements, and debt service costs and expenses of the District.

During the year ended December 31, 2022, the District paid principal and interest in full in the amounts of \$74,492 and \$8,551, respectively.

Authorized Debt

On September 23, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$25,000,000. At December 31, 2022, the District had authorized but unissued indebtedness of \$25,000,000.

NOTE 5 – NET POSITION

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

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation.



REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 5 – NET POSITION (CONTINUED)

The District's restricted net position at December 31, 2022, consists of \$28,500 for emergency reserves.

As of December 31, 2022, the District had an unrestricted net position of \$749,514.

NOTE 6 – RELATED PARTIES

Certain members of the Board of Directors of the District are also members of the Board of Directors for the Front Range Infrastructure Authority, Platte River Metropolitan District, and/or the Bromley Companies, may have conflicts of interest in dealing with the District, or have provided the District with advances as previously outlined.

NOTE 7 – INTERGOVERNMENTAL REVENUES

During the year ended December 31, 2022, the District received \$950,000 from the Front Range Infrastructure Authority for purposes of operations, repayment of developer advances, and future public improvements.

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.

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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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 Enterprises.

REAL WELD METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 9 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 District's eligible electors 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.