

Access 25 Metropolitan District No. 2

Weld County, Colorado

AUDITORS' REPORT AND FINANCIAL STATEMENTS

December 31, 2023





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1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Access 25 Metropolitan District No. 2

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Access 25 Metropolitan District No. 2 (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 the District, as of December 31, 2023 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 opinion.

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, 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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

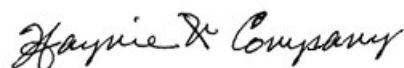
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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.

Accounting principles generally accepted in the United States of America require that the General Fund – Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Access 25 Metropolitan District No. 2's financial statements as a whole. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Littleton, Colorado

August 30, 2024

BASIC FINANCIAL STATEMENTS

Access 25 Metropolitan District No. 2
Statement of Net Position
December 31, 2023

Assets	<u>Governmental Activities</u>
Cash and investments	\$ 20,642
Cash and investments - restricted	2,769,507
Property tax receivable	3,112,071
Due from county	9,857
Due from District 1	<u>3,311,780</u>
Total assets	<u><u>\$ 9,223,857</u></u>
Liabilities	
Current liabilities	
Due to District 1	\$ 523,518
Due to Town of Mead	36,192
Due to State - Oil & Gas	2,761,927
Deferred property taxes	3,112,071
Accrued liabilities - COI	5,000
Accrued interest	<u>53,747</u>
Total current liabilities	<u>\$ 6,492,455</u>
Long-term liabilities	
Bonds payable	<u>9,555,000</u>
Total liabilities	<u><u>\$ 16,047,455</u></u>
Net Position	
Restricted for:	
Emergency reserve	101,104
Debt service	2,769,507
Capital projects	15,642
Unrestricted	<u>(9,709,851)</u>
Total Net Position	<u><u>(6,823,598)</u></u>
Total Liabilities and Net Position	<u><u>\$ 9,223,857</u></u>

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

Access 25 Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services and</u> <u>other fees</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:					
General government	\$ 3,772,655	\$ -	\$ -	\$ -	\$ (3,772,655)
Transfer to District no. 1	6,329,912	-	-	-	(6,329,912)
Interest and related costs on long-term debt	<u>141,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141,534)</u>
Total Governmental Activities	<u>\$ 10,244,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,244,101)</u>
General revenues:					
Property taxes					3,232,652
Specific ownership taxes					137,474
Interest income					<u>50,377</u>
Total general revenues:					<u>3,420,503</u>
Change in net position					\$ (6,823,598)
Net position - beginning of year					<u>-</u>
Net position - end of year					<u>\$ (6,823,598)</u>

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

Access 25 Metropolitan District No. 2
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ -	\$ -	\$ 20,642	\$ 20,642
Cash and investments - restricted	-	2,769,507	-	2,769,507
Property tax receivable	1,063,157	2,048,914	-	3,112,071
Due from County	9,857	-	-	9,857
Due from District 1	<u>3,311,780</u>	-	-	<u>3,311,780</u>
Total assets	<u>4,384,794</u>	<u>\$ 4,818,421</u>	<u>20,642</u>	<u>9,223,857</u>
Liabilities				
Due to District 1	523,518	-	-	523,518
Due to Town of Mead	36,192	-	-	36,192
Due to State - Oil & Gas	2,761,927	-	-	2,761,927
Deferred property taxes	1,063,157	2,048,914	-	3,112,071
Accrued liabilities - COI	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total liabilities	4,384,794	2,048,914	5,000	6,438,708
Fund Balances				
Restricted				
Emergency reserves	101,104	-	-	101,104
Debt service	-	2,769,507	-	2,769,507
Committed	-	-	15,642	15,642
Unassigned	<u>(101,104)</u>	<u>-</u>	<u>-</u>	<u>(101,104)</u>
Total fund balances	<u>-</u>	<u>2,769,507</u>	<u>15,642</u>	<u>2,785,149</u>
Total Liabilities and Fund Balances	<u>\$ 4,384,794</u>	<u>\$ 4,818,421</u>	<u>\$ 20,642</u>	<u>\$ 9,223,857</u>

Total governmental fund balance per above \$ 2,785,149

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

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

Bonds payable	(9,555,000)
Accrued interest	<u>(53,747)</u>

Net Position of Governmental Activities	<u>\$ (6,823,598)</u>
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The accompanying notes are an integral part of these financial statements.

Access 25 Metropolitan District No. 2
Governmental Fund Revenues, Expenditures, Changes in Fund
Balances and Reconciliation to Statement of Activities
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 3,232,652	\$ -	\$ -	\$ 3,232,652
Specific ownership taxes	137,474	-	-	137,474
Interest income	-	18,407	31,970	50,377
Total General Revenues	<u>3,370,126</u>	<u>18,407</u>	<u>31,970</u>	<u>3,420,503</u>
Expenditures				
Treasurer fees	48,489	-	-	48,489
Payment to Town of Mead	36,192	-	-	36,192
Payment to state - oil & gas	2,761,927	-	-	2,761,927
Payment for services to District No. 1	523,518	-	-	523,518
Interest expense	-	87,787	-	87,787
Cost of issuance	-	-	402,529	402,529
Total Expenditures	<u>3,370,126</u>	<u>87,787</u>	<u>402,529</u>	<u>3,860,442</u>
Excess of revenues over (under) expenditures	-	(69,380)	(370,559)	(439,939)
Other financing sources (uses)				
Bond Proceeds	-	-	9,555,000	9,555,000
Transfer to District No. 1	-	-	(6,329,912)	(6,329,912)
Transfers to/from other fund	-	2,838,887	(2,838,887)	-
Total other financing sources (uses)	<u>-</u>	<u>2,838,887</u>	<u>386,201</u>	<u>3,225,088</u>
Net change in fund balances	<u>-</u>	<u>2,769,507</u>	<u>15,642</u>	<u>2,785,149</u>
Fund balances:				
Beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of the year	<u>\$ -</u>	<u>\$ 2,769,507</u>	<u>\$ 15,642</u>	<u>\$ 2,785,149</u>

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

Access 25 Metropolitan District No. 2

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Governmental Funds	2,785,149
Amount reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Bond proceeds	(9,555,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest on bonds - change in liability	<u>(53,747)</u>
Change in Net Position of Governmental Activities	<u>\$ (6,823,598)</u>

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

Access 25 Metropolitan District No. 2

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

Access 25 Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant the Colorado Special District Act (§32-1-101, et al, C.R.S.). The District operates under a service plan initially approved by the Town of Mead on July 11, 2022. The District’s service area is located in Weld County, Colorado.

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. Board members are elected or can be appointed to fill a vacancy if necessary.

Pursuant to governmental accounting standards the District is financially accountable for any organizations that make up its legal entity. It is also financially accountable for any legally separate organizations if the District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District has determined that it is not financially accountable to any organizations and does not include additional organizations in its reporting entity.

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

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-interest on long-term general obligation debt of the governmental fund.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The *Capital Projects Fund* accounts for the construction of public infrastructure and other capital improvements within the District.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Capital Assets

Capital assets, which include infrastructure, property and equipment, are reported in the governmental activities column 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between fifteen and thirty years.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type Statement of Net Position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Financial Position and Balance Sheets 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 and fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The government-wide financial statements utilize a net position presentation. Net position components are investment in capital assets, restricted, or unrestricted.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

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

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact. The District has no nonspendable balances at December 31, 2023.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also classifies the fund balances in the Debt Service as restricted for debt service repayment.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors. The District had \$15,642 of committed resources as of December 31, 2023.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. As of December 31, 2023, the District does not report any assigned fund balances.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The District would typically first spend restricted fund balances, followed by committed resources, and then assigned resources, as appropriate opportunities arise. The District reserves the right to selectively spend the Unassigned balance.

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 be imposed on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year.

The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District. Property taxes are considered fully collectible and are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing thePublic hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

3. Stewardship, Compliance and Accountability (continued)

- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

4. Cash and Investments

A summary of deposits and investments as of December 31, 2023 follows:

Cash deposits	\$ 2,790,149
Total	\$ 2,790,149

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. 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 regulations. At December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2023, the District had deposits with financial institutions with a carrying amount of \$2,790,149. The bank balances with the financial institutions were \$2,790,149. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

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

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

4. Cash and Investments (continued)

The District adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments must be consistent with the non-cash requirements of the District, except for liquid investments where the average duration may not exceed two years and the maximum duration may not exceed 5 years.

Credit Risk

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
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust,"

The above investments are authorized for all funds and fund types used by Colorado municipalities.

As of December 31, 2023, the District had no investments.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

5. Long-Term Debt

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2023:

	<u>Balance</u> <u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>December 31,</u> <u>2023</u>	<u>Due In</u> <u>One Year</u>
Limited Tax GO Bond Series 2023	\$ -	\$ 9,555,000	\$ -	\$ 9,555,000	\$ -
	<u>\$ -</u>	<u>\$ 9,555,000</u>	<u>\$ -</u>	<u>\$ 9,555,000</u>	<u>\$ -</u>
Accrued Interest	\$ -	\$ 141,534	\$ (87,787)	\$ 53,747	\$ 53,747
	<u>\$ -</u>	<u>\$ 141,534</u>	<u>\$ (87,787)</u>	<u>\$ 53,747</u>	<u>\$ 53,747</u>

\$9,555,000 Limited Tax General Obligation Bonds, Series 2023

On October 5, 2023, the District issued \$9,555,000 (original issue amount) Limited Tax General Obligation Bonds, Series 2023. The bonds, maturing December 1, 2053, bear an interest rate of 6.750% per annum, calculated on a basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing December 1, 2023, until the principal amount is paid.

Any principal or interest remaining due, but not paid on December 31, 2053, shall be discharged and the Bond shall be deemed paid in full on such date in accordance with the Bond Resolution. December 2, 2062 is the Termination Date, after which no further payments will be due on the Bonds, regardless of the amount of principal and interest paid prior to that date.

As of December 31, 2023, the District has accrued and unpaid interest related to the Series 2023 bonds in the amount of \$53,747.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

5. Long-Term Debt (continued)

Below is a summary of the future maturities of the Limited Tax General Obligation Bonds, Series 2023:

Limited Tax GO 2023 Bonds

	Principal	Interest	Total
2024	\$ -	\$ 644,963	\$ 644,963
2025	-	644,963	644,963
2026	-	644,963	644,963
2027	-	644,963	644,963
2028	65,000	644,963	709,963
2029-2033	495,000	3,145,163	3,640,163
2034-2038	910,000	2,925,788	3,835,788
2039-2043	1,470,000	2,548,125	4,018,125
2044-2048	2,295,000	1,948,050	4,243,050
2049-2053	4,320,000	1,033,088	5,353,088
	<u>\$ 9,555,000</u>	<u>\$14,825,025</u>	<u>\$ 24,380,025</u>

As of December 31, 2023, \$6,710,490 of the District's proceeds had been transferred to District No. 1 to repay a portion of the District No.1's outstanding developer advances.

Events of default are as follows:

- The District refuses to impose the require mill levy or apply pledged revenue, as required
- The District fails to collect the pledged revenue or apply pledged revenue as required by the resolution
- The District defaults on the performance or observance or other applicable covenants, agreements or conditions, and fails to remedy after notice
- The District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the bond obligation

Due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on bonds when due, or the failure to maintain the reserve fund requirement shall not, of itself, constitute an Event of Default.

Remedies for default include the potential for receivership scenario, a suit for judgment or some other suit or action available under law.

In no event shall acceleration of the Bonds be a remedy available in an Event of Default hereunder.

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

5. Long-Term Debt (continued)

Pursuant to the electoral authorization secured through the November 8, 2022 election, the District is authorized to issue debt up to \$60,000,000; however, the District Service Plan requests the additional issuance of debt by the Access 25 Districts of \$30,000,000, of a total of \$90,000,000 if the Inclusion Area is included into the Districts.

All long-term debt is expected to be repaid by limited taxes imposed and collected for no longer than the maximum debt mill levy imposition term on residential properties and at a mill levy no higher than 35 mills. As of December 31, 2023, the District had \$50,445,000 remaining authorized under the Service Plan but unissued debt.

The District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. However, the amount and timing of any debt issuances, if any, are not determinable.

6. Related Parties

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

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the "Pool"). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

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

Access 25 Metropolitan District No. 2
Notes to Financial Statements
December 31, 2023

8. Tax, Spending and Debt Limitations

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

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

Spending limit must be refunded unless the voters approve retention of such revenue.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2023, the emergency reserve of \$101,104 was recorded as a restriction of fund balance in the General Fund. 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 legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

9. Subsequent Events

Subsequent events have been evaluated through the Auditors' report date, which is the date the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

REQUIRED SUPPLEMENTAL INFORMATION

Access 25 Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2023

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 3,232,651	\$ 3,232,652	\$ 1
Specific Ownership Taxes	193,959	137,474	(56,485)
Interest & Other	100	-	(100)
Total Revenues	3,426,710	3,370,126	(56,584)
Expenditures			
Payments to District 1 O&M	3,378,121	3,321,637	56,484
Treasurer Fees	48,489	48,489	-
Contingency	100	-	100
Total Expenditures	3,426,710	3,370,126	56,584
Excess of revenues over (under) expenditures	-	-	-
Fund balance:			
Beginning of the year	-	-	-
End of the year	\$ -	\$ -	\$ -

SUPPLEMENTAL INFORMATION

Access 25 Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2023

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Interest income	\$ -	\$ 18,407	\$ 18,407
Transfer from Capital Fund	3,712,025	2,838,887	(873,138)
Total Revenues	3,712,025	2,857,294	(854,731)
Expenditures:			
Bond interest - Series 2023	400,000	87,787	312,213
Trustee Fees	7,500	-	7,500
Total Expenditures	407,500	87,787	319,713
Excess Revenue Over (Under)			
Expenditures	3,304,525	2,769,507	(1,174,444)
Net change in fund balances	3,304,525	2,769,507	(535,018)
Fund Balance—Beginning of year	-	-	-
Fund Balance—End of Year	\$ 3,304,525	\$ 2,769,507	\$ (535,018)

Access 25 Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Bond Proceeds - Series A	\$11,369,000	\$ 9,555,000	\$ (1,814,000)
Bond Proceeds - Series B	2,383,000	-	(2,383,000)
Interest Income	-	31,970	31,970
Total revenues	13,752,000	9,586,970	(4,165,030)
Expenditures			
Transfer to District No. 1	10,039,975	6,329,912	3,710,063
Transfer to Debt Service Fund	3,712,025	2,838,887	873,138
Cost of issuance	-	402,529	(402,529)
Total expenditures	13,752,000	9,571,328	4,180,672
Excess of revenues over (under) expenditures	-	15,642	15,642
Fund balance:			
Beginning of the year	-	-	-
End of the year	\$ -	\$ 15,642	\$ 15,642