

**LIVERPOOL METROPOLITAN DISTRICT  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**LIVERPOOL METROPOLITAN DISTRICT  
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Board of Directors  
Liverpool Metropolitan District  
Arapahoe County, Colorado

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Liverpool Metropolitan District as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Liverpool Metropolitan District

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Districts preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

### *Opinions*

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 and the respective budgetary comparison for the General Fund of the Liverpool Metropolitan District as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

Required Supplementary Information

Management has omitted the management's discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Liverpool Metropolitan District's basic financial statements. The accompanying schedule of revenues, expenditures and changes in fund balances – budget and actual for the debt service fund, the schedule of debt service obligations and interest requirements to maturity – long-term debt, and the summary of assessed valuation, mill levy and property taxes collected, collectively comprise the District's "supplementary information" as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Logan and Associates, LLC*

Aurora, Colorado  
June 26, 2020

## **BASIC FINANCIAL STATEMENTS**

**LIVERPOOL METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 400,300
Cash and Investments - Restricted	47,611
Property Taxes Receivable	823,438
Accounts Receivable - County Treasurer	4,892
Prepays	400
Capital Assets:	
Land and Land Improvements, Not Being Depreciated	50,934
Tap Fees, Not Being Depreciated	37,252
Landscaping Improvements, Net	482,808
Pedestrian Bridge, Net	240,657
Pond Renovation, Net	551,586
Total Assets	2,639,878
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of Refunding, Net	22,501
<b>LIABILITIES</b>	
Accounts Payable	92,054
Accrued Interest Payable	6,690
Noncurrent Liabilities:	
Due Within One Year	245,000
Due in More Than One Year	1,750,000
Total Liabilities	2,093,744
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	823,438
Total Deferred Inflows of Resources	823,438
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,007,991
Restricted For:	
Emergency Reserves	15,100
Debt Service	27,724
Unrestricted	(1,305,618)
Total Net Position	\$ (254,803)

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General Government	\$ 326,527	\$ -	\$ -	\$ -	\$ (326,527)
Interest and Related Costs on Long-Term Debt	99,034	-	-	-	(99,034)
Total Governmental Activities	<u>\$ 425,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(425,561)
<b>GENERAL REVENUES</b>					
Property Taxes					747,186
Specific Ownership Taxes					58,585
Net Investment Income					14,284
Total General Revenues					<u>820,055</u>
<b>CHANGE IN NET POSITION</b>					
					394,494
Net Position - Beginning of Year					<u>(649,297)</u>
<b>NET POSITION - END OF YEAR</b>					
					<u>\$ (254,803)</u>

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 400,300	\$ -	\$ 400,300
Cash and Investments - Restricted	15,100	32,511	47,611
Property Taxes Receivable	507,504	315,934	823,438
Accounts Receivable - County Treasurer	2,989	1,903	4,892
Prepaid Expenses	400	-	400
	<u>\$ 926,293</u>	<u>\$ 350,348</u>	<u>\$ 1,276,641</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 92,054	\$ -	\$ 92,054
Total Liabilities	<u>92,054</u>	<u>-</u>	<u>92,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	507,504	315,934	823,438
Total Deferred Inflows of Resources	<u>507,504</u>	<u>315,934</u>	<u>823,438</u>
<b>FUND BALANCES</b>			
Nonspendable for:			
Prepaid Expense	400	-	400
Restricted for:			
Emergency Reserves	15,100	-	15,100
Debt Service	-	34,414	34,414
Committed for:			
Landscape Improvements	89,250	-	89,250
Assigned to:			
Subsequent Year's Expenditures	15,746	-	15,746
Unassigned	206,239	-	206,239
Total Fund Balances	<u>326,735</u>	<u>34,414</u>	<u>361,149</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 926,293</u>	<u>\$ 350,348</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,363,237

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

Cost of Refunding, Net	22,501
Bonds Payable	(1,995,000)
Accrued Bond Interest	(6,690)
	<u>(2,079,189)</u>

Net Position of Governmental Activities	<u>\$ (254,803)</u>
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See accompanying Notes to Basic Financial Statements.



**LIVERPOOL METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 456,545	\$ 290,641	\$ 747,186
Specific Ownership Taxes	35,796	22,789	58,585
Net Investment Income	10,415	3,869	14,284
Total Revenues	502,756	317,299	820,055
<b>EXPENDITURES</b>			
Current:			
Accounting	26,415	-	26,415
Audit	3,900	-	3,900
County Treasurer's Fees	6,853	4,362	11,215
Directors' Fees	1,900	-	1,900
District Management	32,285	-	32,285
Dues and Licenses	715	-	715
Dumpster Day	3,320	-	3,320
Insurance	6,418	-	6,418
Legal	3,638	-	3,638
Miscellaneous	3,749	-	3,749
Payroll Tax	145	-	145
Irrigation Water	45,177	-	45,177
Landscape Maintenance - Irrigation Repair	24,652	-	24,652
Landscape Maintenance - Main Contract	51,600	-	51,600
Pond Maintenance	10,793	-	10,793
Repair and Maintenance	11,061	-	11,061
Snow Removal	5,465	-	5,465
Tree Replacement	24,079	-	24,079
Utilities	1,777	-	1,777
Debt Service:			
Bond Principal	-	230,000	230,000
Interest Expense - Bonds	-	89,485	89,485
Capital Outlay	263,905	-	263,905
Total Expenditures	527,847	323,847	851,694
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	8,834	8,834
Transfers (Out)	(8,834)	-	(8,834)
Total Other Financing Sources (Uses)	(8,834)	8,834	-
<b>NET CHANGE IN FUND BALANCES</b>	(33,925)	2,286	(31,639)
Fund Balances - Beginning of Year	360,660	32,128	392,788
<b>FUND BALANCES - END OF YEAR</b>	\$ 326,735	\$ 34,414	\$ 361,149

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (31,639)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation	(62,585)
Capital Outlay	263,905

Long-term debt (e.g., bonds) 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.

Principal Payment	230,000
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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.

Bond Interest - Change in Liability	767
Amortization of Cost of Refunding	(5,954)

Change in Net Position of Governmental Activities	\$ 394,494
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**LIVERPOOL METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 456,598	\$ 456,545	\$ (53)
Specific Ownership Taxes	27,396	35,796	8,400
Net Investment Income	4,000	10,415	6,415
Total Revenues	<u>487,994</u>	<u>502,756</u>	<u>14,762</u>
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	22,000	26,415	(4,415)
Audit	4,000	3,900	100
County Treasurer's Fees	6,849	6,853	(4)
Directors' Fees	3,000	1,900	1,100
District Management	50,000	32,285	17,715
Dues and Licenses	1,000	715	285
Dumpster Day	6,000	3,320	2,680
Holiday Lighting	21,000	-	21,000
Insurance	8,000	6,418	1,582
Legal	8,000	3,638	4,362
Miscellaneous	4,000	3,749	251
Payroll Tax	100	145	(45)
Website	500	-	500
Contingency	6,551	-	6,551
Operations			
Bridge Maintenance	2,000	-	2,000
Engineering	35,000	-	35,000
Irrigation Water	50,000	45,177	4,823
Landscape Maintenance - Irrigation Repair	20,000	24,652	(4,652)
Landscape Maintenance - Main Contract	53,000	51,600	1,400
Lighting	40,000	-	40,000
Pond Maintenance	18,000	10,793	7,207
Repair and Maintenance	5,000	11,061	(6,061)
Snow Removal	7,000	5,465	1,535
Tree Replacement	35,000	24,079	10,921
Utilities	2,000	1,777	223
Capital Outlay			
Landscape Improvements	130,000	131,784	(1,784)
Pond Renovation	70,000	132,121	(62,121)
Total Expenditures	<u>608,000</u>	<u>527,847</u>	<u>80,153</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(120,006)	(25,091)	94,915
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	(8,834)	(8,834)	-
Total Other Financing Sources (Uses)	<u>(8,834)</u>	<u>(8,834)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(128,840)	(33,925)	94,915
Fund Balance - Beginning of Year	<u>233,816</u>	<u>360,660</u>	<u>126,844</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 104,976</u>	<u>\$ 326,735</u>	<u>\$ 221,759</u>

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Liverpool Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court on November 22, 1994, 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 Arapahoe County on June 28, 1994. The District's service area is located in Arapahoe County, Colorado. The District was established to provide for improvements of collector and arterial roads, related drainage, landscaping, signage, signalization, and landscape maintenance.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Budgets**

In accordance with the state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Property Taxes**

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Capital Assets**

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure:	
Landscaping Improvements	25 Years
Pedestrian Bridge	50 Years

**Amortization**

**Cost of Bond Refunding**

In the government-wide financial statements, the deferred cost on bond refunding is being amortized using the interest method over the life of the refunded bonds. The amortization amount is a component of interest expense, and the unamortized deferred cost is reflected as a deferred outflow of resources.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Equity (Continued)**

**Fund Balance**

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

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

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

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

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



**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 400,300
Cash and Investments - Restricted	47,611
Total Cash and Investments	\$ 447,911

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 134,142
Investments	313,769
Total Cash and Investments	\$ 447,911

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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, 2019, the District's cash deposits had a bank balance of \$134,142 and a carrying balance of \$134,142.

**Investments**

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

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

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

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Investments (Continued)**

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

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 313,769

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Increases	Decreases	Balance - December 31, 2019
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 50,934	\$ -	\$ -	50,934
Tap Fees	37,252	-	-	37,252
Total Capital Assets, Not Being Depreciated	88,186	-	-	88,186
Capital Assets, Being Depreciated:				
Landscaping Improvements	819,905	131,784	-	951,689
Pedestrian Bridge	327,428	-	-	327,428
Pond Renovation	449,050	132,121	-	581,171
Total Capital Assets, Being Depreciated	1,596,383	263,905	-	1,860,288
Less Accumulated Depreciation for:				
Landscaping Improvements	433,449	35,432	-	468,881
Pedestrian Bridge	80,222	6,549	-	86,771
Pond Renovation	8,981	20,604	-	29,585
Total Accumulated Depreciation	522,652	62,585	-	585,237
Total Capital Assets Being Depreciated, Net	1,073,731	201,320	-	1,275,051
Total Capital Assets	<u>\$ 1,161,917</u>	<u>\$ 201,320</u>	<u>\$ -</u>	<u>1,363,237</u>

Depreciation expense for the year ended December 31, 2019 was charged to the District's general government activities.

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Due Within One Year
General Obligation Bonds Payable:					
2007 Bonds	<u>\$ 2,225,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>	<u>\$ 1,995,000</u>	<u>\$ 245,000</u>

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**General Obligation Bonds**

\$3,760,000 General Obligation Refunding Bonds dated February 1, 2007, with interest from 4.00% to 5.00% per annum, due June 1 and December 1. Principal is due on December 1. Principal is due on December 1. The bonds maturing on or before December 1, 2017, are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2017, are subject to redemption prior to maturity at the option of the District. Payment of the principal and interest on the 2007 Bonds when due is insured by Ambac Assurance Corporation. The 2007 Bonds mature on December 1, 2026.

The Bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest, and premium, if any, on the Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due.

The District's long-term obligations regarding the general obligation bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 245,000	\$ 80,285	\$ 325,285
2021	255,000	70,485	325,485
2022	270,000	60,285	330,285
2023	285,000	49,485	334,485
2024	300,000	38,085	338,085
2025-2026	640,000	39,615	679,615
Total	<u>\$ 1,995,000</u>	<u>\$ 338,240</u>	<u>\$ 2,333,240</u>

**Authorized Debt**

On November 8, 1994, a majority of the qualified electors of the District authorized the issuance of indebtedness in any amount not to exceed \$4,045,000 at an interest rate not to exceed 9.50% per annum. On November 7, 1995, an additional \$750,000 was authorized. The District does not currently have any voter authorization for debt that is not issued.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$4,795,000, all of which has been issued.

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 NET POSITION**

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investments in capital assets, net of related debt calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,363,237
Current Portion of Long-Term Obligations	(44,124)
Noncurrent Portion of Long-Term Obligations	(315,175)
Cost of Refunding, Net	<u>4,053</u>
Net Investment in Capital Assets	<u>\$ 1,007,991</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 15,100
Debt Service	<u>27,724</u>
Total Restricted Net Position	<u>\$ 42,824</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

**LIVERPOOL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

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

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as TABOR, contains tax, spending, revenue and debt limitations that 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.

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.

**NOTE 9 COMMITMENTS**

On September 12, 2019, the District executed a contract with JBK Landscape LLC for landscape and irrigation improvements in the areas known as Tract E and the Rose Garden in the total amount of \$89,250. As of December 31, 2019, the total amount of this contract was unexpended. These projects are expected to be completed in 2020.

**SUPPLEMENTARY INFORMATION**

**LIVERPOOL METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 290,675	\$ 290,641	\$ (34)
Specific Ownership Taxes	17,441	22,789	5,348
Net Investment Income	800	3,869	3,069
Total Revenues	<u>308,916</u>	<u>317,299</u>	<u>8,383</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	4,360	4,362	(2)
Bond Principal	230,000	230,000	-
Interest Expense - Bonds	89,485	89,485	-
Contingency	1,155	-	1,155
Total Expenditures	<u>325,000</u>	<u>323,847</u>	<u>1,153</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(16,084)	(6,548)	9,536
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	8,834	8,834	-
Total Other Financing Sources (Uses)	<u>8,834</u>	<u>8,834</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,250)	2,286	9,536
Fund Balance - Beginning of Year	<u>57,566</u>	<u>32,128</u>	<u>(25,438)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 50,316</u>	<u>\$ 34,414</u>	<u>\$ (15,902)</u>



## **OTHER INFORMATION**

**LIVERPOOL METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2019**

\$3,760,000 General Obligation Refunding Bonds  
Series 2007  
Interest 4.0% - 4.1%  
Dated February 1, 2007  
Interest Payable June 1 and December 1  
Principal Payable December 1

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 245,000	\$ 80,285	\$ 325,285
2021	255,000	70,485	325,485
2022	270,000	60,285	330,285
2023	285,000	49,485	334,485
2024	300,000	38,085	338,085
2025	310,000	26,085	336,085
2026	330,000	13,530	343,530
Total	<u>\$ 1,995,000</u>	<u>\$ 338,240</u>	<u>\$ 2,333,240</u>

**LIVERPOOL METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2015	\$ 18,957,129	28.279	\$ 536,089	536,089	100.00 %
2016	22,472,146	28.279	635,490	635,465	100.00
2017	22,930,916	28.279	648,463	648,268	99.97
2018	25,767,524	28.279	728,680	728,610	99.99
2019	26,425,012	28.279	747,273	747,186	99.99
Estimated for the					
Year Ending					
<u>December 31,</u>					
2020	\$ 29,118,382	28.279	823,438		

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