

**LIVERPOOL METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**LIVERPOOL METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Liverpool Metropolitan District
Arapahoe County, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Liverpool Metropolitan District as of December 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Liverpool Metropolitan District, and to meet our 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 the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 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
August 5, 2024

BASIC FINANCIAL STATEMENTS

**LIVERPOOL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 839,857
Cash and Investments - Restricted	258,993
Prepaid Expenses	1,874
Receivable from County Treasurer	3,570
Property Tax Receivable	959,997
Capital Assets:	
Capital Assets Not Being Depreciated	88,186
Capital Assets Net of Depreciation	1,286,171
Total Assets	3,438,648
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net	5,169
 LIABILITIES	
Accounts Payable	56,902
Accrued Interest	3,174
Noncurrent Liabilities:	
Due Within One Year	300,000
Due in More Than One Year	640,000
Total Liabilities	1,000,076
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	959,997
Total Deferred Inflows of Resources	959,997
 NET POSITION	
Net Investment in Capital Assets	1,205,994
Restricted for:	
Emergency Reserve	18,200
Debt Service	68,742
Net Position - Unrestricted	190,808
Total Net Position	\$ 1,483,744

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 464,234	\$ -	\$ -	\$ -	
Interest on Long-Term Debt and Related Costs	56,604	-	-	-	
Total Governmental Activities	\$ 520,838	\$ -	\$ -	\$ -	
 GENERAL REVENUES					
Property Taxes				841,428	
Specific Ownership Taxes				55,136	
Interest Income				64,234	
Other Revenue				4,726	
Total General Revenues and Transfers				965,524	
 CHANGES IN NET POSITION					
Net Position - Beginning of Year				1,039,058	
 NET POSITION - END OF YEAR					
				\$ 1,483,744	

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 839,857	\$ -	\$ -	\$ 839,857
Cash and Investments - Restricted	18,200	70,565	170,228	258,993
Receivable from County Treasurer	2,219	1,351	-	3,570
Prepaid Expenses	1,874	-	-	1,874
Property Tax Receivable	609,996	350,001	-	959,997
Total Assets	1,472,146	421,917	170,228	2,064,291
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	56,902	-	-	56,902
Total Liabilities	56,902	-	-	56,902
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	609,996	350,001	-	959,997
Total Deferred Inflows of Resources	609,996	350,001	-	959,997
FUND BALANCES				
Nonspendable:				
Prepaid Expense	1,874	-	-	1,874
Restricted for:				
Emergency Reserves	18,200	-	-	18,200
Debt Service	-	71,916	-	71,916
Committed:				
Capital Projects	-	-	170,228	170,228
Assigned to:				
Unassigned	785,174	-	-	785,174
Total Fund Balances	805,248	71,916	170,228	1,047,392
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,472,146	\$ 421,917	\$ 170,228	

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.

1,374,357

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

Cost of Refunding, Net
Bonds Payable
Accrued Bond Interest

5,169
(940,000)
(3,174)

Net Position of Governmental Activities

\$ 1,483,744

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, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 523,055	\$ 318,373	\$ -	\$ 841,428
Specific Ownership Taxes	34,274	20,862	-	55,136
Interest Income	44,360	11,910	7,964	64,234
Other Revenue	4,726	-	-	4,726
Total Revenues	<u>606,415</u>	<u>351,145</u>	<u>7,964</u>	<u>965,524</u>
EXPENDITURES				
Current:				
Accounting	30,347	-	-	30,347
Auditing	4,600	-	-	4,600
Irrigation Water	46,818	-	-	46,818
Tree Replacement	2,250	-	-	2,250
Landscape - Irrigation Repair	30,321	-	-	30,321
Landscape Maintenance - Main Contract	74,217	-	-	74,217
Lighting	1,548	-	-	1,548
Pond Maintenance	24,724	-	-	24,724
Pond Renovation	3,007	-	-	3,007
Dumpster Day	4,547	-	-	4,547
Holiday Lighting	31,382	-	-	31,382
County Treasurer's Fee	7,849	4,777	-	12,626
Directors' Fees	1,400	-	-	1,400
District Management	50,414	-	-	50,414
Dues and Membership	706	-	-	706
Electricity	180	-	-	180
Tree/Plant Replacement	680	-	-	680
Insurance	7,013	-	-	7,013
Legal	4,410	-	-	4,410
Miscellaneous	1,184	-	-	1,184
Payroll Taxes	107	-	-	107
Repairs and Maintenance	38,303	-	-	38,303
Snow Removal	13,344	-	-	13,344
Utilities	5,012	-	-	5,012
Website	600	-	-	600
Debt Service:				
Bond Interest	-	49,485	-	49,485
Bond Principal	-	285,000	-	285,000
Paying Agent Fees	150	-	-	150
Capital Projects:				
Capital Outlay	29,964	-	-	29,964
Total Expenditures	<u>415,077</u>	<u>339,262</u>	<u>-</u>	<u>754,339</u>
EXCESS OF REVENUES OVER EXPENDITURES	191,338	11,883	7,964	211,185
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	(30,000)	-	30,000	-
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	161,338	11,883	37,964	211,185
Fund Balances - Beginning of Year	<u>643,910</u>	<u>60,033</u>	<u>132,264</u>	<u>836,207</u>
FUND BALANCES - END OF YEAR	<u>\$ 805,248</u>	<u>\$ 71,916</u>	<u>\$ 170,228</u>	<u>\$ 1,047,392</u>

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT 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 - Total Governmental Funds \$ 211,185

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	30,434
Depreciation Expense	(79,591)

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 government funds. Neither transaction, however, has any effect on net position.

Bond Principal	285,000
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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	950
Amortization of Cost of Bond Refunding	(3,292)
	950
	(3,292)

Changes in Net Position of Governmental Activities	\$ 444,686
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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, 2023**

	Budget Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 523,068	\$ 523,055	\$ (13)
Specific Ownership Taxes	31,384	34,274	2,890
Interest Income	5,000	44,360	39,360
Other Revenue	-	4,726	4,726
Total Revenues	<u>559,452</u>	<u>606,415</u>	<u>46,963</u>
EXPENDITURES			
Accounting	30,000	30,347	(347)
Annual Flowers	7,500	-	7,500
Auditing	4,400	4,600	(200)
Banking Fees	400	-	400
Contingency	10,354	-	10,354
County Treasurer's Fee	7,846	7,849	(3)
Directors' Fees	2,500	1,400	1,100
District Management	50,000	50,414	(414)
Dues and Membership	1,000	706	294
Election	2,500	-	2,500
Electricity	-	180	(180)
Engineering	10,000	-	10,000
Irrigation Water	60,000	46,818	13,182
Tree/Plant Replacement	1,000	680	320
Tree Replacement	45,000	2,250	42,750
Insurance	7,000	7,013	(13)
Landscape Improvements	60,000	-	60,000
Landscape - Irrigation Repair	25,000	30,321	(5,321)
Landscape Maintenance - Main Contract	61,000	74,217	(13,217)
Legal	6,000	4,410	1,590
Lighting	2,000	1,548	452
Pond Maintenance	15,000	24,724	(9,724)
Pond Renovation	20,000	3,007	16,993
Dumpster Day	7,500	4,547	2,953
Holiday Lighting	30,000	31,382	(1,382)
Capital Outlay	-	29,964	(29,964)
Miscellaneous	5,000	1,184	3,816
Paying Agent Fees	-	150	(150)
Payroll Taxes	400	107	293
Repairs and Maintenance	85,000	38,303	46,697
Snow Removal	12,000	13,344	(1,344)
Utilities	5,000	5,012	(12)
Website	1,600	600	1,000
Total Expenditures	<u>575,000</u>	<u>415,077</u>	<u>159,923</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,548)	191,338	206,886
OTHER FINANCING SOURCES (USES)			
Transfers to Other Fund	(30,000)	(30,000)	-
Total Other Financing Uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(45,548)	161,338	206,886
Fund Balance - Beginning of Year	<u>557,739</u>	<u>643,910</u>	<u>86,171</u>
FUND BALANCE - END OF YEAR	<u>\$ 512,191</u>	<u>\$ 805,248</u>	<u>\$ 293,057</u>

See accompanying Notes to Basic Financial Statements.

**LIVERPOOL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 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 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, 2023**

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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**LIVERPOOL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

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, 2023**

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, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 839,857
Cash and Investments - Restricted	258,993
Total Cash and Investments	\$ 1,098,850

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

Deposits with Financial Institutions	\$ 56,706
Investments	1,042,144
Total Cash and Investments	\$ 1,098,850

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, 2023, the District's cash deposits had a bank balance and carrying balance of \$56,706.

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, 2023**

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, 2023, 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	<u>\$ 1,042,144</u>

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 currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations 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, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**LIVERPOOL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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 CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements, Not Being Depreciated	\$ 50,934	\$ -	\$ -	\$ 50,934
Tap Fees, Not Being Depreciated	37,252	-	-	37,252
Total Capital Assets, Not Being Depreciated	<u>88,186</u>	<u>-</u>	<u>-</u>	<u>88,186</u>
Capital Assets, Being Depreciated:				
Landscaping Improvements	1,098,347	10,864	-	1,109,211
Pedestrian Bridge	327,428	-	-	327,428
Pond Renovation	720,093	19,570	-	739,663
Total Capital Assets, Being Depreciated	<u>2,145,868</u>	<u>30,434</u>	<u>-</u>	<u>2,176,302</u>
Less Accumulated Depreciation for:				
Landscaping Improvements	596,456	44,042	-	640,498
Pedestrian Bridge	106,418	6,549	-	112,967
Pond Renovation	107,666	29,000	-	136,666
Total Accumulated Depreciation	<u>810,540</u>	<u>79,591</u>	<u>-</u>	<u>890,131</u>
Total Capital Assets, Being Depreciated, Net	<u>1,335,328</u>	<u>(49,157)</u>	<u>-</u>	<u>1,286,171</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,423,514</u>	<u>\$ (49,157)</u>	<u>\$ -</u>	<u>\$ 1,374,357</u>

Depreciation expense for the year ended December 31, 2023, was charged to the District's general government activities.

**LIVERPOOL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Bonds					
Series 2007	\$ 1,225,000	-	\$ 285,000	\$ 940,000	\$ 300,000

General Obligation Bonds

\$3,760,000 General Obligation Refunding Bonds and \$495,000 in Supplemental “B” Interest Registered Coupons 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. The coupons were issued to yield from 3.82% to 3.98% per annum. 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 Registered Coupons are not subject to redemption prior to maturity.

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>
2024	\$ 300,000	\$ 38,085	\$ 338,085
2025	310,000	26,085	336,085
2026	330,000	13,530	343,530
Total	<u>\$ 940,000</u>	<u>\$ 77,700</u>	<u>\$ 1,017,700</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, 2023**

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, 2023, the District had net investments in capital assets, net of related debt calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,374,357
Current Portion of Long-Term Obligations	(54,030)
Noncurrent Portion of Long-Term Obligations	(115,264)
Cost of Refunding, Net	<u>931</u>
Net Investment in Capital Assets	<u>\$ 1,205,994</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, 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, 2023, as follows:

Restricted Net Position:	
Emergencies	\$ 18,200
Debt Service Reserve	<u>68,742</u>
Total Restricted Net Position	<u>\$ 86,942</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 INTERFUND TRANSFERS

The District transferred from the General Fund to the Capital Projects Fund for the purpose of funding future projects.

**LIVERPOOL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 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.

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 9 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.

SUPPLEMENTARY INFORMATION

**LIVERPOOL METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 318,381	\$ 318,373	\$ (8)
Specific Ownership Taxes	19,103	20,862	1,759
Interest Income	2,500	11,910	9,410
Total Revenues	<u>339,984</u>	<u>351,145</u>	<u>11,161</u>
EXPENDITURES			
County Treasurer's Fee	4,776	4,777	(1)
Paying Agent Fees	150	-	150
Bond Interest	49,485	49,485	-
Bond Principal	285,000	285,000	-
Contingency	5,589	-	5,589
Total Expenditures	<u>345,000</u>	<u>339,262</u>	<u>5,738</u>
NET CHANGE IN FUND BALANCE	(5,016)	11,883	16,899
Fund Balance - Beginning of Year	<u>56,677</u>	<u>60,033</u>	<u>3,356</u>
FUND BALANCE - END OF YEAR	<u>\$ 51,661</u>	<u>\$ 71,916</u>	<u>\$ 20,255</u>

**LIVERPOOL METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 1,000	\$ 7,964	\$ 6,964
Total Revenues	<u>1,000</u>	<u>7,964</u>	<u>6,964</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,000	7,964	6,964
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	30,000	30,000	-
Total Other Financing Sources	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	31,000	37,964	6,964
Fund Balance - Beginning of Year	<u>130,500</u>	<u>132,264</u>	<u>1,764</u>
FUND BALANCE - END OF YEAR	<u>\$ 161,500</u>	<u>\$ 170,228</u>	<u>\$ 8,728</u>

**LIVERPOOL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$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>
2024	\$ 300,000	\$ 38,085	\$ 338,085
2025	310,000	26,085	336,085
2026	330,000	13,530	343,530
Total	<u>\$ 940,000</u>	<u>\$ 77,700</u>	<u>\$ 1,017,700</u>

**LIVERPOOL METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
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 %
2020	29,118,382	28.279	823,438	823,099	99.96 %
2021	29,212,795	28.279	826,109	826,109	100.00 %
2022	30,224,122	28.279	854,708	854,666	100.00 %
2023	29,755,276	28.279	841,449	841,428	100.00 %
Estimated for the Year Ending <u>December 31, 2024</u>	\$ 36,588,047	26.238	\$ 959,997		

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

Source: Arapahoe Assessor and Treasurer.