

TURION METROPOLITAN DISTRICT NO. 1
WELD COUNTY, COLORADO
AUDITOR'S 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

Board of Directors and Management
Turion Metropolitan District No.1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Turion Metropolitan District No.1 (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 Auditor’s 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 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 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

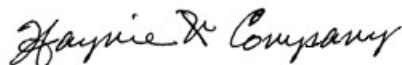
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Turion Metropolitan District No.1'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

July 25, 2024

BASIC FINANCIAL STATEMENTS

TURION METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 12,926,789
Prepaid expenses	3,345
Due from county	6,016
Property taxes receivable	13
Capital assets, net of depreciation	4,089,630
Total assets	<u>17,025,793</u>
LIABILITIES	
Accounts payable	8,295
Total liabilities	<u>8,295</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	13
Total deferred inflows of resources	<u>13</u>
NET POSITION	
Net investment in capital assets	4,089,630
Restricted for:	
Capital projects	9,026,305
Emergency reserves	23,385
Unrestricted	3,878,165
Total net position	<u>17,017,485</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,025,793</u>

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 121,038	\$ 2,010,090	\$ -	\$ -	\$ 1,889,052
	<u>\$ 121,038</u>	<u>\$ 2,010,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,889,052</u>
General revenues:					
Property taxes					13
Investment earnings					748,599
Total general revenues					<u>748,612</u>
Change in net position					2,637,664
Net position - Beginning					<u>14,379,821</u>
Net position - Ending					<u>\$ 17,017,485</u>

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
GOVERNMENTAL FUNDS BALANCE SHEET AND RECONCILIATION OF
GOVERNMENTAL FUNDS BALANCE SHEET WITH THE
STATEMENT OF NET POSITION
Year Ended December 31, 2023

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 3,900,109	\$ 9,026,680	\$ 12,926,789
Property taxes receivable	13	-	13
Due from county	6,016	-	6,016
Prepaid expenses	3,345	-	3,345
TOTAL ASSETS	\$ 3,909,483	\$ 9,026,680	\$ 12,936,163
LIABILITIES			
Accounts payable	\$ 7,782	\$ 375	\$ 8,157
Payroll liabilities	138	-	138
Total liabilities	7,920	375	8,295
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	13	-	13
Total deferred inflows	13	-	13
FUND BALANCES			
Nonspendable:			
Prepaid expenses	3,345	-	3,345
Restricted for:			
Emergency reserves (TABOR)	23,385	-	23,385
Committed- capital projects	-	9,026,305	9,026,305
Unassigned	3,874,820	-	3,874,820
Total fund balances	3,901,550	9,026,305	12,927,855
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,909,483	\$ 9,026,680	\$ 12,936,163
Total governmental fund balance per above			12,927,855

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds	4,089,630
Net position of governmental activities	\$ 17,017,485

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Service fees-Turion No. 2	\$ 463,677	\$ 1,545,611	\$ 2,009,288
Service fees-Turion No. 3-6	185	617	802
Property tax revenue	3	10	13
Interest and other income	315,634	432,965	748,599
Total revenues	<u>779,499</u>	<u>1,979,203</u>	<u>2,758,702</u>
EXPENDITURES			
Accounting	31,640	-	31,640
Audit	15,600	-	15,600
Director fees	1,307	-	1,307
District administration & management	23,450	1,573	25,023
Elections	1,628	-	1,628
Legal	37,471	-	37,471
Insurance and bonds	3,342	-	3,342
Office, dues and other	5,027	-	5,027
Capital outlay	-	3,100,000	3,100,000
Total expenditures	<u>119,465</u>	<u>3,101,573</u>	<u>3,221,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>660,034</u>	<u>(1,122,370)</u>	<u>(462,336)</u>
 NET CHANGE IN FUND BALANCE	 660,034	 (1,122,370)	 (462,336)
 FUND BALANCES - BEGINNING OF YEAR	 <u>3,241,516</u>	 <u>10,148,675</u>	 <u>13,390,191</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 3,901,550</u>	 <u>\$ 9,026,305</u>	 <u>\$ 12,927,855</u>

See accompanying notes to basic financial statements

**TURION METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

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

Net changes in fund balances - Total governmental funds	\$ (462,336)
<p>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.</p>	
Capital outlay	<u>3,100,000</u>
Change in net position of governmental activities	<u><u>\$ 2,637,664</u></u>

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Service fees	\$ 475,851	\$ 463,862	\$ (11,989)
Property taxes	3	3	-
Interest income & other	6,263	315,634	309,371
Total revenues	<u>482,117</u>	<u>779,499</u>	<u>297,382</u>
EXPENDITURES			
Accounting	28,000	31,640	(3,640)
Audit	12,400	15,600	(3,200)
District administration & management	56,980	23,450	33,530
Director fees	-	1,307	(1,307)
Election	2,000	1,628	372
Engineering	30,000	-	30,000
Insurance & risk management	3,259	3,342	(83)
Legal	15,000	37,471	(22,471)
Formation & organization	12,000	-	12,000
Office, dues and other	5,000	5,027	(27)
Contingency	25,000	-	25,000
Total expenditures	<u>189,639</u>	<u>119,465</u>	<u>70,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>292,478</u>	<u>660,034</u>	<u>367,556</u>
NET CHANGE IN FUND BALANCE	292,478	660,034	367,556
FUND BALANCE - BEGINNING OF YEAR	<u>3,131,432</u>	<u>3,241,516</u>	<u>110,084</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,423,910</u>	<u>\$ 3,901,550</u>	<u>\$ 477,640</u>

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

Turion Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 2004 and is governed pursuant to 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 Berthoud on September 14, 2004, which was subsequently amended and approved by the Town on April 26, 2005. The District's service area is located in Weld County, Colorado.

The District was established to finance public infrastructure required by the development and to provide ongoing operations and maintenance of public improvements and facilities. The District was organized in conjunction with five other related Districts –Turion Metropolitan Districts No. 2-6. The District serves as the Service District which is responsible for managing the construction and operation of facilities and improvements needed for Turion Districts Nos. 2-6 (Financing Districts) which are responsible for providing the tax base needed to support the financing of public infrastructure required by the development.

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.

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. For the most part, the effect of interfund activity has been removed from these statements. These financial statements include all of the activities of the District.

Governmental activities are normally supported by property taxes collected. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct 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.

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. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District 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. 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 paid.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities and is included with the general fund in the financial statements.

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO 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 public notification. The total appropriation can only be modified by public hearing after publication of notice. The budget includes each fund on its basis of accounting unless otherwise indicated.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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 funds' 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 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

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the year ended December 31, 2023 are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable 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. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 capital assets, net of the related debt component of the District's net position.

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.

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds

Fund Equity

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 policy to use the most restrictive classification first.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District had a bank balance of \$10,317 which was FDIC Insured.

Investments

The District has adopted a formal investment policy on November 10, 2017 and 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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to 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.

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 the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- * Local government investment pools

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
COLOTRUST	Weighted average under 60 days	\$ 12,916,472

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. The three portfolios differ in the types of the investments held, but all invest in investments allowed by Colorado statutes for local governments. COLOTRUST PRIME AND COLOTRUST PLUS+ invest in securities with a weighted average maturity of 60 days or less, while COLOTRUST EDGE invests in securities with a weighted average maturity of less than five years. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to be, and are not, registered with the SEC.

COLOTRUST's PRIME and PLUS+ funds are rated AAAM by Standard & Poor's rating service. The COLOTRUST EDGE fund is rated AAAf/S1 by FitchRatings rating service. As of December 31, 2023, the District had \$5,052,969 invested in COLOTRUST PRIME, \$7,863,503 invested in COLOTRUST PLUS+, and \$0 invested in COLOTRUST EDGE. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at fair value. There are no unfunded commitments, the redemption frequency is daily for COLOTRUST PRIME and COLOTRUST PLUS+, and weekly for COLOTRUST EDGE. There is no redemption notice period.

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in capital assets for the year ended December 31, 2023:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 989,630	\$ 3,100,000	\$ -	\$ 4,089,630
Total Capital Assets, Not Being Depreciated	989,630	3,100,000	-	4,089,630
Total Capital Assets, Net	\$ 989,630	\$ 3,100,000	\$ -	\$ 4,089,630

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5- 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 are reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. As of December 31, 2023, the District had a net investment in capital assets in the amount of \$4,089,630.

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:

Capital projects	\$ 9,026,303
Emergencies (See note 8)	<u>23,385</u>
	<u>\$ 9,049,688</u>

The District’s unrestricted net position as of December 31, 2023 totaled \$3,878,167.

NOTE 6 – RELATED PARTIES

The Developer of the property is Front Range Investment Holdings, LLC. The directors are not associated with Front Range except each director is under contract to purchase an interest in a small parcel of property from Front Range, located in each district to qualify the directors as eligible electors on the Board of Directors.

On May 25, 2023, The District entered into a reimbursement agreement with Front Range Investment Holdings for the reimbursement of eligible costs related to the service plan costs incurred and paid by Front Range. As of December 31, 2023, the District has not reimbursed Front Range for service plan costs.

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) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official’s 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.

TURION METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 - RISK MANAGEMENT (continued)

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.

NOTE 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Revenue (excluding bond proceeds). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2023, the District had \$23,385 restricted for emergencies.

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.

SUPPLEMENTAL INFORMATION

TURION METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Service fees	\$ 1,586,195	\$ 1,568,868	\$ 1,546,228	\$ (22,640)
Property taxes	10	10	10	-
Interest and other income	-	1	432,965	432,964
Total revenues	<u>1,586,205</u>	<u>1,568,879</u>	<u>1,979,203</u>	<u>410,324</u>
EXPENDITURES				
District administration & management	5,000	5,000	1,573	3,427
Capital outlay	3,100,000	11,712,554	3,100,000	8,612,554
Total expenditures	<u>3,105,000</u>	<u>11,717,554</u>	<u>3,101,573</u>	<u>8,615,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,518,795)</u>	<u>(10,148,675)</u>	<u>(1,122,370)</u>	<u>9,026,305</u>
NET CHANGE IN FUND BALANCE	(1,518,795)	(10,148,675)	(1,122,370)	9,026,305
FUND BALANCE - BEGINNING OF YEAR	<u>10,149,456</u>	<u>10,148,675</u>	<u>10,148,675</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,630,661</u>	<u>\$ -</u>	<u>\$ 9,026,305</u>	<u>\$ 9,026,305</u>

See accompanying notes to basic financial statements

TURION METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2023

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 240	15.000	50.000	\$ 16	\$ 17	100.00%
2020	\$ 200	15.000	50.000	\$ 13	\$ 13	100.00%
2021	\$ 200	15.000	50.000	\$ 13	\$ 13	100.00%
2022	\$ 200	15.000	50.000	\$ 13	\$ 13	100.00%
2023	\$ 180	16.893	56.308	\$ 13	\$ 13	100.00%
Estimated for the year ending December 31, 2024	\$ 190	16.117	53.726	\$ 13		

See accompanying notes to basic financial statements