

**THOMPSON CROSSING
METROPOLITAN DISTRICT NO. 4
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thompson Crossing Metropolitan District No. 4
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Thompson Crossing Metropolitan District No. 4 (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 opinions.

Responsibilities of Management for the Financial Statements

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

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

Duggio & Associates, P.C.

June 24, 2024

BASIC FINANCIAL STATEMENTS

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 301,822
Cash and Investments - Restricted	1,404,332
Due from Thompson Crossing No. 3	2,500
Receivable from County Treasurer	10,082
Property Tax Receivable	3,331,269
Total Assets	5,050,005
LIABILITIES	
Accounts Payable	4,000
Due to Thompson Crossing No. 3	16,183
Accrued Interest	127,060
Noncurrent Liabilities:	
Due Within One Year	95,000
Due in More Than One Year	32,634,834
Total Liabilities	32,877,077
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	3,331,269
Total Deferred Inflows of Resources	3,331,269
NET POSITION	
Restricted for:	
Emergency Reserve	1,600
Unrestricted	(31,159,941)
Total Net Position	\$ (31,158,341)

See accompanying Notes to Basic Financial Statements.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Program Revenues			Net Revenues (Expenses) and Change 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	\$ 757,099	\$ -	\$ 2,500	\$ -	\$ (754,599)
Interest and Related Costs on Long-Term Debt	1,474,632	-	-	-	(1,474,632)
Total Governmental Activities	\$ 2,231,731	\$ -	\$ 2,500	\$ -	(2,229,231)
GENERAL REVENUES					
Property Taxes					2,157,980
Specific Ownership Taxes					155,452
Interest Income					107,447
Total General Revenues					2,420,879
CHANGE IN NET POSITION					
					191,648
Net Position - Beginning of Year					(31,349,989)
NET POSITION - END OF YEAR					
					\$ (31,158,341)

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 301,822	\$ -	\$ 301,822
Cash and Investments - Restricted	1,600	1,402,732	1,404,332
Due from Thompson Crossing No. 3	2,500	-	2,500
Receivable from County Treasurer	3,516	6,566	10,082
Property Tax Receivable	1,060,054	2,271,215	3,331,269
Total Assets	<u>\$ 1,369,492</u>	<u>\$ 3,680,513</u>	<u>\$ 5,050,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 4,000	\$ 4,000
Due to Thompson Crossing No. 3	16,183	-	16,183
Total Liabilities	16,183	4,000	20,183
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	1,060,054	2,271,215	3,331,269
Total Deferred Inflows of Resources	1,060,054	2,271,215	3,331,269
FUND BALANCES			
Restricted for:			
Emergency Reserves	1,600	-	1,600
Debt Service	-	1,405,298	1,405,298
Assigned to:			
Subsequent Year's Expenditures	43,442	-	43,442
Capital Enhancements	248,213	-	248,213
Total Fund Balances	<u>293,255</u>	<u>1,405,298</u>	<u>1,698,553</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,369,492</u>	<u>\$ 3,680,513</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds Payable			(31,270,000)
Bond Premium Payable			(1,459,834)
Accrued Interest on Bonds			(127,060)
Net Position of Governmental Activities			<u>\$ (31,158,341)</u>

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 752,525	\$ 1,405,455	\$ 2,157,980
Specific Ownership Taxes	54,209	101,243	155,452
Interest Income	571	106,876	107,447
System Development Fees	2,500	-	2,500
Total Revenues	809,805	1,613,574	2,423,379
EXPENDITURES			
Current:			
County Treasurer's Fees	15,062	28,130	43,192
Transfer to District No. 3 - Operations	742,037	-	742,037
Debt Service:			
Bond Interest	-	1,524,725	1,524,725
Paying Agent/Trustee Fees	-	4,000	4,000
Total Expenditures	757,099	1,556,855	2,313,954
NET CHANGE IN FUND BALANCES	52,706	56,719	109,425
Fund Balances - Beginning of Year	240,549	1,348,579	1,589,128
FUND BALANCES - END OF YEAR	\$ 293,255	\$ 1,405,298	\$ 1,698,553

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
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 \$ 109,425

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

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.

Amortization of Bond Premium 82,223

Changes in Net Position of Governmental Activities \$ 191,648

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 752,525	\$ 752,525	\$ 752,525	\$ -
Specific Ownership Taxes	52,677	54,211	54,209	(2)
Interest Income	300	300	571	271
System Development Fees	88,500	13,000	2,500	(10,500)
Total Revenues	<u>894,002</u>	<u>820,036</u>	<u>809,805</u>	<u>(10,231)</u>
EXPENDITURES				
County Treasurer's Fees	15,051	15,051	15,062	(11)
Transfer to District No. 3 - Operations	740,283	741,817	742,037	(220)
Capital Enhancements	100,000	100,000	-	100,000
Contingency	-	3,132	-	3,132
Total Expenditures	<u>855,334</u>	<u>860,000</u>	<u>757,099</u>	<u>102,901</u>
NET CHANGE IN FUND BALANCE	38,668	(39,964)	52,706	92,670
Fund Balance - Beginning of Year	<u>243,034</u>	<u>240,549</u>	<u>240,549</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 281,702</u></u>	<u><u>\$ 200,585</u></u>	<u><u>\$ 293,255</u></u>	<u><u>\$ 92,670</u></u>

See accompanying Notes to Basic Financial Statements.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Thompson Crossing Metropolitan District No. 4 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Larimer County on November 9, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the construction, installation, financing, and operation of public improvements, including streets, traffic safety controls, water, sanitary sewer, storm drainage, television relay and translator, transportation, park and recreation facilities, and mosquito control within the District.

Under a Consolidated Service Plan dated August 20, 2001, as modified on October 3, 2005, the District was organized in conjunction with five other related districts, Thompson Crossing Metropolitan District No. 1 (Control District), Thompson Crossing Metropolitan District No. 2 (Commercial District), Thompson Crossing Metropolitan District No. 3 (Operating District), Thompson Crossing Metropolitan District No. 5 (Financing District), and Thompson Crossing Metropolitan District No. 6 (Financing District) (collectively, the Districts). The District serves as the Financing District for Thompson Crossing Metropolitan District No. 3. The District's service area is located entirely within the Town of Johnstown (the Town), Larimer County, Colorado.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including the Town and the other Thompson Crossing Metropolitan Districts.

The District has no employees, and contracts for all of its management and professional services.

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 property taxes and intergovernmental revenues.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
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 net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

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 the 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, specific ownership taxes, and system development fees. 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 is 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 general obligation debt of the governmental funds.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
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 and other financing uses 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.

On November 7, 2023, the District adopted a resolution to amend its annual budget for the year ending December 31, 2023.

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 and investments.

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 property tax revenues are recorded as revenue in the year they are available or collected.

System Development Fees and Facilities Fees

System development fees are charged against properties within the District. The system development fee is due at the time of issuance of a building permit. All fees prior to September 5, 2019 were pledged revenue to be used for payment of principal and interest on the Series 2006 bonds. As of September 5, 2019, system development fees are no longer pledged to the District's bonds and all such fees and development fees are repealed. Following September 5, 2019, the District collects and retains a Facilities Fee in the amount of \$500 per residential home for the first 500 homes for which a building permit is issued.

As of December 31, 2023 the District has collected fees for 237 homes.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District Fees

The District and Thompson Crossing Metropolitan District No. 6 adopted a maintenance fee in the amount of \$85 per month per lot to maintain common areas within the boundaries of the Thompson River Ranch Filing Nos. 9 and 12, which is paid to Thompson Crossing Metropolitan District No. 3 to fund the applicable portion of the cost of the Thompson Crossing Metropolitan District No. 3's maintenance activities related thereto. The District and Thompson Crossing Metropolitan District No. 6 adopted a Second Amended and Restated Joint Resolution of Thompson Crossing Metropolitan District Nos. 4 & 6 Imposing a Monthly Maintenance Fee for Thompson River Ranch Carriage House on February 27, 2023 and March 13, 2023 which raises the fee to \$110 per month, effective April 1, 2023.

Deferred Inflows of Resources

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 assets 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.

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.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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	\$ 301,822
Cash and Investments - Restricted	1,404,332
Total Cash and Investments	\$ 1,706,154

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

Total Investments	\$ 1,706,154
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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.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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 did not have any cash deposits.

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.

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	\$ 1,706,154
		<u>\$ 1,706,154</u>

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 CRS 24-75-601.

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 CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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 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
Government Activities:					
General Obligation Bonds -					
Series 2019	\$ 31,270,000	\$ -	\$ -	\$ 31,270,000	\$ 95,000
Bond Premium	1,542,057	-	82,223	1,459,834	-
Total Long-Term Obligations	<u>\$ 32,812,057</u>	<u>\$ -</u>	<u>\$ 82,223</u>	<u>\$ 32,729,834</u>	<u>\$ 95,000</u>

The details of the District’s long-term obligations are as follows:

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds

Series 2019 General Obligation Refunding and Improvement Bonds

On September 5, 2019, the District issued \$31,270,000 in Series 2019 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, which bear interest of 3.5% to 5.0% (4.0271% yield), payable semi-annually on June 1 and December 1. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The bonds mature on December 1, 2049.

Proceeds from the sale of the Bonds were used to refund the Series 2006 General Obligations Bonds and to reimburse a portion of public infrastructure costs. A portion of the proceeds were also used to fund an initial deposit to the Surplus Fund and the costs of issuing the Bonds.

The Series 2019 Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, specific ownership taxes allocable to the Required Mill Levy, Capital Fees (not including system development fees, which are not pledged to the payment of the bonds) and any other legally available moneys of the District credited to the Bond Fund. The Required Mill Levy (for debt service) is defined in the Bond Resolution as a mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of and interest on the Series 2019 Bonds but not in excess of 50 mills and not less than 41.838 mills, as adjusted for changes in the method of calculating assessed valuation after August 20, 2001. The minimum mill levy as currently adjusted is 54.558 mills and the maximum mill levy as currently adjusted is 65.202 mills. Once the Debt to Assessed Ratio on total debt issued is 50% or less, the mill levy may be imposed in an amount sufficient to pay debt service on the Series 2019 Bonds without limitation or rate.

A surplus fund was established as additional security for the bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The surplus fund will be funded up to a maximum amount of \$4,690,500, solely from available Pledged Revenue that is not required to pay the principal or interest on the bonds. The surplus fund will be maintained until the Debt to Assessed Ratio is 50% or less, after which any balances remaining in the surplus fund will be transferred to the District for application to any lawful purpose. The bonds do not have a reserve requirement other than this surplus fund. The balance in the surplus fund is \$1,374,255 as of December 31, 2023.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 95,000	\$ 1,524,725	\$ 1,619,725
2025	270,000	1,521,400	1,791,400
2026	440,000	1,511,950	1,951,950
2027	530,000	1,496,550	2,026,550
2028	615,000	1,478,000	2,093,000
2029-2033	3,740,000	6,974,225	10,714,225
2034-2038	5,400,000	5,892,000	11,292,000
2039-2043	7,495,000	4,343,000	11,838,000
2044-2048	10,255,000	2,207,500	12,462,500
2049	2,430,000	121,500	2,551,500
Total	<u>\$ 31,270,000</u>	<u>\$ 27,070,850</u>	<u>\$ 58,340,850</u>

Authorized Debt

On November 1, 2005, District voters approved debt authorization in the amount of \$520,000,000 for the construction of capital improvements, with an additional \$65,000,000 for refunding debt. The voters also authorized debt of \$65,000,000 for the cost of operating and maintaining the District's systems.

The Modified Consolidated Service Plan dated October 3, 2005, limits the total principal amount of obligations that the Districts may have outstanding in aggregate at any one time to \$65,000,000, provided that in the case where obligations of the Financing Districts are supporting revenue bonds of the Control District, the Control District revenue bonds shall not be counted. At December 31, 2023, the total outstanding principal obligations of the Districts were \$54,350,000, which includes \$19,455,000 of debt in Thompson Crossing Metropolitan District No. 2, \$31,270,000 of debt in the District, and \$3,625,000 in Thompson Crossing Metropolitan District No. 6.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

The District had authorized but unissued debt at December 31, 2023 for the following detailed purposes:

	Authorized November 1, 2005 Election	Authorization Used Series 2006	Authorization Used - Series 2019 Refunding Bonds	Authorization Used - Series 2019 Improvement Bonds	Remaining at December 31, 2023
Water	\$ 65,000,000	\$ 3,145,350	\$ -	\$ 324,193	\$ 61,530,457
Sanitary/Storm Sewer	65,000,000	8,226,300	-	372,514	56,401,186
Streets	65,000,000	8,952,150	-	782,286	55,265,564
Parks and Recreation	65,000,000	3,629,250	-	131,250	61,239,500
Traffic and Safety	65,000,000	-	-	-	65,000,000
Operations/Maintenance	65,000,000	241,950	-	-	64,758,050
Debt Refunding	65,000,000	-	5,464,757	-	59,535,243
Television Relay	65,000,000	-	-	-	65,000,000
Public Transportation	65,000,000	-	-	-	65,000,000
Mosquito Control	65,000,000	-	-	-	65,000,000
Total	<u>\$ 650,000,000</u>	<u>\$ 24,195,000</u>	<u>\$ 5,464,757</u>	<u>\$ 1,610,243</u>	<u>\$ 618,730,000</u>

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

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:

Emergency Reserves	\$ 1,600
Total Restricted Net Position	<u>\$ 1,600</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 6 RELATED PARTIES

Certain members of the Board of Directors during 2023 were employees of, or consultants to, Clayton Properties Group II, Inc., a Colorado corporation doing business as Oakwood Homes and the major landowner, developer, and home builder of the property within the District and Thompson Crossing Metropolitan District Nos. 3, 5, and 6, and may have conflicts of interest in dealing with the District.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 DISTRICT AGREEMENTS

District Facilities Construction and Service Intergovernmental Agreement

On June 29, 2006, Thompson Crossing Metropolitan District No. 3 (Operating District) entered into a District Facilities Construction and Service Intergovernmental Agreement with the District and Thompson Crossing Metropolitan District No. 5 (Financing Districts). The District Facilities Construction and Service Intergovernmental Agreement was amended and restated on May 21, 2008, to include Thompson Crossing Metropolitan District No. 6 as a Financing District (the Amended Agreement). Under the Amended Agreement, the Operating District will, on behalf of the Financing Districts, contract for and supervise the construction and acquisition of District facilities, including water, sanitation, street, safety, park and recreation, transportation facilities, programs, and other public infrastructure and services. The Operating District shall own all the facilities and shall be responsible for the operation and maintenance of all facilities.

The District facilities are to be financed from the proceeds of general obligation indebtedness to be issued by the Financing Districts. The Financing Districts, upon execution of the agreement, shall provide for the payment of the capital and service costs or, at the option of any Financing District, may make annual payments to an escrow account for capital costs and to a service fund account for service costs. The amount of payment due under the annual payment option shall not be less than the amounts set forth in the final budget for the budget year, as prepared by the Operating District and approved by the Financing Districts. Once payments have been made to the Operating District, the Operating District shall have sole authority to withdraw monies from the accounts but shall account to the Financing Districts for funds withdrawn and payments made.

The financial obligations of the Financing Districts under this agreement are general obligations of the Financing Districts and shall be payable from ad valorem taxes generated as a result of the certification by the Financing Districts of a mill levy, except as they may actually be paid from other revenues. The Boards of the Financing Districts shall annually determine, fix, and certify a rate of levy for ad valorem taxes which, when added to other funds of the Financing Districts, will be sufficient to promptly and fully pay the amounts to be paid under this agreement, as well as all other general obligation indebtedness of the Financing Districts, as the same become due.

During 2023, the District transferred \$742,037 of service costs to Thompson Crossing Metropolitan District No. 3 under this agreement.

The District certified a general mill levy of 29.400 mills for 2023, of which 2.000 mills were retained to fund capital and/or landscape enhancements within the District. The revenue generated from the 2.000 mills is retained by the District and separate from the revenues collected and transferred to the Operating District under this agreement.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Advance and Reimbursement and Facilities Acquisition Agreement

On August 22, 2019, the District and Clayton Properties Group II, Inc. (the Developer) entered into an Advance and Reimbursement and Facilities Acquisition Agreement whereby the Developer agreed to loan moneys to the District for purposes of funding public infrastructure costs of the District. Under the agreement, construction contracts entered into by the Developer for the benefit of the District are subject to future reimbursement by the District. Interest accrues on advances at 8% per annum. As of December 31, 2023, no amounts are due under this agreement.

Agreement for Payment of Tax Revenue Shortages

On May 1, 2023, the District and Magellan Pipeline Company, LP (Magellan) entered into an Agreement for Payment for Tax Revenue Shortages to provide for payments from Magellan to the District to offset the impact of decreased ad valorem property tax revenues experienced as a result of delayed, decreased, or non-development of real property owned by Magellan. As of December 31, 2023, no amounts are due under this agreement.

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 (the 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 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.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the 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 transfers a portion of its operating revenue to the Operating District. Therefore, the Emergency Reserves related to the District's revenues transferred are reported in the Operating District.

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.

On November 1, 2005, the District voters passed an election question to increase property taxes \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue annually, other than ad valorem taxes, without regard to limitations under TABOR.

SUPPLEMENTARY INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,405,455	\$ 1,405,455	\$ -
Specific Ownership Taxes	98,382	101,243	2,861
Interest Income	20,000	106,876	86,876
Total Revenues	<u>1,523,837</u>	<u>1,613,574</u>	<u>89,737</u>
EXPENDITURES			
County Treasurer's Fees	28,109	28,130	(21)
Bond Interest	1,524,725	1,524,725	-
Paying Agent/Trustee Fees	4,000	4,000	-
Contingency	3,166	-	3,166
Total Expenditures	<u>1,560,000</u>	<u>1,556,855</u>	<u>3,145</u>
NET CHANGE IN FUND BALANCE	(36,163)	56,719	92,882
Fund Balance - Beginning of Year	<u>1,327,378</u>	<u>1,348,579</u>	<u>21,201</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,291,215</u></u>	<u><u>\$ 1,405,298</u></u>	<u><u>\$ 114,083</u></u>

OTHER INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2023**

\$31,270,000
General Obligation Limited Tax Convertible to Unlimited Tax
Refunding and Improvement Bonds
Series 2019
Dated August 27, 2019
Interest Rate of 3.50% - 5.00% (4.0271% Yield)
Payable June 1 and December 1
Principal Due December 1

Year Ending December 31,	Principal	Interest	Total
2024	\$ 95,000	\$ 1,524,725	\$ 1,619,725
2025	270,000	1,521,400	1,791,400
2026	440,000	1,511,950	1,951,950
2027	530,000	1,496,550	2,026,550
2028	615,000	1,478,000	2,093,000
2029	635,000	1,456,475	2,091,475
2030	700,000	1,434,250	2,134,250
2031	735,000	1,399,250	2,134,250
2032	815,000	1,362,500	2,177,500
2033	855,000	1,321,750	2,176,750
2034	945,000	1,279,000	2,224,000
2035	990,000	1,231,750	2,221,750
2036	1,085,000	1,182,250	2,267,250
2037	1,140,000	1,128,000	2,268,000
2038	1,240,000	1,071,000	2,311,000
2039	1,305,000	1,009,000	2,314,000
2040	1,415,000	943,750	2,358,750
2041	1,485,000	873,000	2,358,000
2042	1,605,000	798,750	2,403,750
2043	1,685,000	718,500	2,403,500
2044	1,820,000	634,250	2,454,250
2045	1,910,000	543,250	2,453,250
2046	2,055,000	447,750	2,502,750
2047	2,155,000	345,000	2,500,000
2048	2,315,000	237,250	2,552,250
2049	2,430,000	121,500	2,551,500
Total	<u>\$ 31,270,000</u>	<u>\$ 27,070,850</u>	<u>\$ 58,340,850</u>

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 4
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2019	\$ 15,850,529	26.533	63.541	\$ 1,427,721	\$ 1,426,816	99.94 %
2020	19,175,444	28.718	53.541	1,577,352	1,575,032	99.85 %
2021	20,338,786	28.718	53.541	1,673,048	1,672,928	99.99 %
2022	24,032,014	28.718	53.541	1,976,849	1,975,889	99.95 %
2023	25,596,077	29.400	54.909	2,157,980	2,157,980	100.00 %
Estimated for Year Ending December 31, 2024	\$ 34,833,517	30.432	65.202	\$ 3,331,269		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.