

**Todd Creek Village Metropolitan District
Adams County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023 and 2022

Todd Creek Village Metropolitan District

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December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Todd Creek Village Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of Todd Creek Village Metropolitan District (the District), as of and for the years ended December 31, 2023 and 2022, 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 District as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 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.

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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the 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.

Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for purposes of additional analysis and legal compliance 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
October 7, 2024

BASIC FINANCIAL STATEMENTS

Todd Creek Village Metropolitan District

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 756,051	\$ 646,374
Investments - restricted	3,326,738	4,013,915
Accounts receivable - users	279,734	205,372
Accounts receivable - other, net of allowance for doubtful accounts of \$105,000 and \$106,500	18,922	1,090,596
Prepaid expenses	51,798	51,084
Total current assets	<u>4,433,243</u>	<u>6,007,341</u>
Capital assets, net	<u>56,659,602</u>	<u>48,663,708</u>
Total assets	<u>61,092,845</u>	<u>54,671,049</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	<u>4,567,504</u>	<u>4,836,180</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,127,207	2,417,518
Accrued interest payable	104,838	107,353
Current portion of reimbursement obligation - related party	2,230,169	2,230,169
Current portion of finance-type lease obligation	13,644	30,999
Current portion of long-term debt	696,066	717,913
Total current liabilities	<u>4,171,924</u>	<u>5,503,952</u>
Long-term obligations		
Finance-type lease obligation	11,023	24,667
Long-term debt	24,917,907	25,643,019
Total liabilities	<u>29,100,854</u>	<u>31,171,638</u>
NET POSITION		
Net investment in capital assets	33,358,297	24,853,121
Restricted	3,326,738	4,013,915
Unrestricted	<u>(125,540)</u>	<u>(531,445)</u>
Total net position	<u>\$ 36,559,495</u>	<u>\$ 28,335,591</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Water revenue	\$ 5,474,878	\$ 5,761,086
Failure to connect and availability fees	20,100	183,260
Meter fees	57,050	65,450
Inspection fees	35,950	35,700
Reimbursements, contributions, and other income	90,267	511,717
Total operating revenues	<u>5,678,245</u>	<u>6,557,213</u>
OPERATING EXPENSES		
Utilities, water leases, equipment leases	1,435,614	3,165,052
District management	1,413,720	1,346,400
Repairs and maintenance	838,203	1,137,339
Office expense	302,867	365,157
Legal	147,641	112,855
MXU System	171,312	160,142
Water treatment	301,678	136,214
Engineering	193,120	83,331
Insurance	51,530	50,692
Accounting and audit	-	26,556
Vehicle expense	53,359	52,032
Public relations	13,958	15,439
Miscellaneous	34,525	255,505
Bad debts	-	62,173
Depreciation	1,921,206	1,747,152
Total operating expenses	<u>6,878,733</u>	<u>8,716,039</u>
OPERATING INCOME (LOSS)	<u>(1,200,488)</u>	<u>(2,158,826)</u>
NONOPERATING REVENUE (EXPENSE)		
Interest income	213,788	75,873
Interest expense	(1,525,352)	(1,553,586)
Trustee fees	(4,000)	(4,000)
Total nonoperating expenses	<u>(1,315,564)</u>	<u>(1,481,713)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>(2,516,052)</u>	<u>(3,640,539)</u>
CAPITAL CONTRIBUTIONS		
Contributed assets	6,624,893	-
Tap fees	4,115,063	3,105,946
Total capital contributions	<u>10,739,956</u>	<u>3,105,946</u>
CHANGE IN NET POSITION	8,223,904	(534,593)
NET POSITION - beginning of year	<u>28,335,591</u>	<u>28,870,184</u>
NET POSITION - end of year	<u>\$ 36,559,495</u>	<u>\$ 28,335,591</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,675,557	\$ 6,080,774
Payments to suppliers for goods and services	<u>(6,422,587)</u>	<u>(5,208,137)</u>
Net cash provided (used) by operating activities	<u>252,970</u>	<u>872,637</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees	4,115,063	3,105,946
Acquisition of capital assets	(3,292,207)	(1,768,572)
Bond principal payments	(560,000)	(520,000)
Finance-type lease principal payments	(13,644)	(29,268)
Interest paid	(1,289,470)	(1,311,618)
Other debt-related expenditures	<u>(4,000)</u>	<u>(4,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,044,258)</u>	<u>(527,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	<u>213,788</u>	<u>75,873</u>
Net cash provided (used) by investing activities	<u>213,788</u>	<u>75,873</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(577,500)	420,998
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,660,289</u>	<u>4,239,291</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 4,082,789</u></u>	<u><u>\$ 4,660,289</u></u>

(continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(continued)

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,200,488)	\$ (2,158,826)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	1,921,206	1,747,152
Lease liability	(157,913)	-
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	997,312	(476,436)
Prepaid expenses	(714)	(1,763)
Increase (decrease) in:		
Accounts payable for operations	(1,306,433)	1,762,510
Total adjustments	<u>1,453,458</u>	<u>3,031,463</u>
Net cash provided (used) by operating activities	<u><u>\$ 252,970</u></u>	<u><u>\$ 872,637</u></u>
SIGNIFICANT NONCASH TRANSACTIONS		
Amortization of bond premium	\$ 29,047	\$ 29,047
Amortization of deferred outflows	268,677	268,677

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 - Nature of Business

Todd Creek Village Metropolitan District (the "District") is a quasi-municipal corporation organized on November 19, 1996 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams and Weld Counties, Colorado. The District was established to provide water and wastewater services to an area encompassing approximately 6,725 acres in Adams County and 6,000 acres in Weld County.

The District has no employees, and all operations and administrative functions are contracted. 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, the ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

As of December 31, 2023, no component unit has been identified as reportable to the District, nor is the District a component unit of any other primary governmental entity.

BennT Creek Regional Water Authority

Effective January 7, 2020, the District executed an agreement establishing the BennT Creek Regional Water Authority (the "BennT Creek Authority"), along with the Town of Bennett, Colorado (together, the "Parties"). The purpose of the BennT Creek Authority is to provide water services to the District and the Town of Bennett, Colorado including, without limitation, (a) acquiring, selling, and delivering water; (b) developing water resources for their use; (c) activities for water diversion, transmission, storage, treatment, and treated storage; and (d) other services, as authorized by law and determined by the BennT Creek Authority's board to be in the best interest of the Parties, their inhabitants, and others. The BennT Creek Authority's board is made up of two members appointed by each of the Parties. In the event of a dissolution of the BennT Creek Authority, the assets are to be distributed between the Parties based on their relative proportion of average annual total amounts of treated water sold to the Parties, unless otherwise agreed to, except for water rights or interests contributed to the BennT Creek Authority by the Parties, which immediately vest back to the contributing party.

The BennT Creek Authority filed an application for conditional surface water rights and water storage rights in District Court Water Division 1, Weld County, Colorado in December of 2020. However, the BennT Creek Authority has not generated revenue, incurred expenses, or acquired assets of any consequence to date.

The District has evaluated the circumstances regarding its relationship with the BennT Creek Authority and determined that it is not a component unit reportable to the District based on current conditions.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the District have been prepared on the basis of generally accepted accounting principles (GAAP) applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a utility system where net income and capital maintenance are appropriate determinations of accountability.

The District's records are maintained on the accrual basis of accounting and follow the economic resources measurement focus. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets, and redemption of bonds are recorded as reductions in liabilities. Tap fees are recorded as capital contributions when received.

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

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Operating Revenue and Expenses

The District distinguishes between operating revenue and expenses and nonoperating items in the statement of revenue, expenses, and changes in net position. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and wastewater services to its customers. Operating revenue consists of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

Certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted investment assets on the statement of net position because they are maintained in separate accounts and their use is limited by applicable bond covenants. Restricted investments totaled \$3,326,738 and \$4,013,915 at December 31, 2023 and 2022, respectively.

Cash and Cash Equivalents / Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Use fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon, as provided by the State of Colorado. Therefore, no provision for uncollectible use fee receivables has been made in the financial statements. Accounts receivable, other than those for use fees and tap fees, are evaluated by management for collectibility based on historical performance and known collection issues. Accounts receivable that are determined to be not collectible have been fully allowed for in the statement of net position.

Capital Assets

Capital assets, which include water rights, water wells, storage and treatment facilities, and delivery systems, 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 or at the developer's cost. Capital assets are defined by the District as those assets with a cost or value of \$1,000 or greater. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements for which the District retains title are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the estimated useful lives (40 years for water system infrastructure). The cost of water rights includes acquisition, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$1,921,206 and \$1,747,152, respectively.

Amortization of Bond Discount and Premium

Series 2018 bonds were issued with a premium during the year ended December 31, 2018. Bond premiums are amortized over the respective terms of the bonds using the straight-line method. Amortization

**Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)**

expense for bond premiums amounted to \$29,047 for the years ended December 31, 2023 and 2022 and is included in interest expense.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to deferred charges on refunding. These deferred outflows are amortized over the respective terms of the bonds using the straight-line method. Amortization expense for deferred outflows was recognized in the amount of \$268,677 for the years ended December 31, 2023 and 2022 and is included in interest expense.

Reimbursement Obligation - Related Party

During 2019, the District entered into a funding and reimbursement agreement with West South Platte Water and Reservoir Company, LLLP (WSP). The purpose of the agreement is to allow WSP to finance portions of the development of public improvements to serve the District. The agreement allows for advances up to \$3,000,000 through December 31, 2021 that are non-interest bearing. The obligation will be repaid by the District or credited against the purchase and sale of district assets. As of December 31, 2023, the agreement is callable on demand by WSP. This balance amounted to \$2,230,169 as of December 31, 2023 and 2022.

Net Position

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

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those net assets. As of December 31, 2023 and 2022, the District had net investment in capital assets of \$33,358,297 and \$24,853,121, respectively.

Restricted

The District had \$3,326,738 and \$4,013,915 restricted by contractual obligation for payment of debt service as of December 31, 2023 and 2022, respectively.

Unrestricted

The District's unrestricted net position (deficit) as of December 31, 2023 and 2022 is \$(125,540) and \$(531,445), respectively.

Contributed Capital

Tap fees and water resource fees are generally recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developer's cost or at the estimated fair value at the date of contribution.

Budgetary Information

In accordance with state budget law, the District's board of directors hold public hearings in the fall of each year to approve the budget and appropriate 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 total appropriation can only be modified upon completion of notification and publication requirements.

The District amended its annual budget for the year ended December 31, 2023.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Implementation of New Accounting Principle

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District implemented this pronouncement effective January 1, 2022. There were no material cumulative effect adjustments recorded to the net position upon adoption. For lessee leases, right-of-use assets and liabilities were recognized on the commencement date of the lease based on present value of lease payments over the lease term. At December 31, 2023 and 2022, the District reported right-of-use assets (net of depreciation) of \$215,991 and \$372,047, respectively. As of December 31, 2023 and 2022, the District reported lease liabilities in the amount of \$202,803 and \$360,715, respectively. For additional information, see Note 6 - Leases.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 7, 2024, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 756,051	\$ 646,374
Investments - restricted	3,326,738	4,013,915
	<u>\$ 4,082,789</u>	<u>\$ 4,660,289</u>

The District's cash deposit and investment policy adopts state statutes.

Colorado statutes require that the District use eligible public depositories, as defined by the Colorado Public Deposit Protection Act (the "Act"). Under the Act, amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2023 and 2022, the federal insurance limits were \$250,000. The eligible collateral is determined by the Act and allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102 percent of the aggregate uninsured deposits. The state regulatory commissions 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.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

The District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk of deposits. At December 31, 2023 and 2022, the District had no deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk of investments. At December 31, 2023 and 2022, the District had \$3,326,738 and \$4,013,915, respectively, of investments held by outside parties.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's cash deposit and investment policy adopts state statutes regarding interest rate risk. 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 requirement. At December 31, 2023 and 2022, all of the District's investments are in investment types that are not subject to interest rate risk.

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include: obligations of the U.S. and certain U.S. government agency securities, certain international agency securities; general obligations and revenue bonds of the U.S. local government entities, bankers' acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools. The District's cash deposit and investment policy adopts state statutes regarding credit risk. As of December 31, 2023 and 2022, the District had the following investments and carrying values:

<u>Investment</u>	<u>Maturity</u>	<u>2,023</u>	<u>2,022</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 3,326,738	\$ 4,013,915

Concentration of Credit Risk

The District's cash deposit and investment policy adopts state statutes regarding concentration of credit risk for investments. At December 31, 2023 and 2022, all of the District's investments are in investment types that are not subject to concentration of credit risk.

Colorado Surplus Asset Fund Trust

The District is invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets.

The state securities commissioner administers and enforces all state statutes governing the trust. The trust is similar to a 2a7 investment pool 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, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as a safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period for CSAFE.

The District's investment in CSAFE is valued at amortized cost.

Note 4 - Capital Assets

A summary of capital asset acquisitions, dispositions, and accumulated depreciation for the years ended December 31, 2023 and 2022 are as follows:

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

	December 31, 2022	Additions	Adjustments	December 31, 2023
Capital assets, not being depreciated				
Water rights	\$ 6,151,919	\$ 2,752,920	\$ -	\$ 8,904,839
Construction in progress	5,006,254	380,777	-	5,387,031
Total capital assets, not being depreciated	11,158,173	3,133,697	-	14,291,870
Capital assets being depreciated				
Right-of-use assets	528,103	-	-	528,103
Water distribution and storage	56,788,536	6,755,903	-	63,544,439
Sewer system	5,045,437	-	-	5,045,437
Vehicles	234,960	-	-	234,960
Office and other equipment	21,754	27,500	-	49,254
Total capital assets being depreciated	62,618,790	6,783,403	-	69,402,193
Less accumulated depreciation for				
Right-of-use assets	156,056	156,056	-	312,112
Water distribution and storage	22,643,310	1,605,716	-	24,249,026
Sewer system	2,140,015	126,136	-	2,266,151
Vehicles	169,217	23,652	-	192,869
Office and other equipment	4,657	9,646	-	14,303
Total accumulated depreciation	25,113,255	1,921,206	-	27,034,461
Total capital assets being depreciated, net	37,505,535	4,862,197	-	42,367,732
Capital assets, net	\$ 48,663,708	\$ 7,995,894	\$ -	\$ 56,659,602
	Balance at December 31, 2021	Increases	Adjustments/ Decreases	Balance at December 31, 2022
Capital assets, not being depreciated				
Water rights	\$ 4,683,684	\$ 1,468,235	\$ -	\$ 6,151,919
Construction in progress	5,147,633	34,685	(176,064)	5,006,254
Total capital assets, not being depreciated	9,831,317	1,502,920	(176,064)	11,158,173
Capital assets being depreciated				
Right-of-use assets	-	528,103	-	528,103
Water distribution and storage	56,587,159	201,377	-	56,788,536
Sewer system	5,045,437	-	-	5,045,437
Vehicles	188,860	46,100	-	234,960
Office and other equipment	3,579	18,175	-	21,754
Total capital assets being depreciated	61,825,035	793,755	-	62,618,790
Less accumulated depreciation for				
Right-of-use assets	-	156,056	-	156,056
Water distribution and storage	21,206,148	1,437,162	-	22,643,310
Sewer system	2,013,879	126,136	-	2,140,015
Vehicles	145,565	23,652	-	169,217
Office and other equipment	511	4,146	-	4,657
Total accumulated depreciation	23,366,103	1,747,152	-	25,113,255
Total capital assets being depreciated, net	38,458,932	(953,397)	-	37,505,535
Capital assets, net	\$ 48,290,249	\$ 549,523	\$ (176,064)	\$ 48,663,708

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Capital Assets Acquired through a Finance-Type Lease

The District had capital assets acquired under finance-type leases of vehicles in the amount of \$118,258. The vehicles acquired through the lease had a net book value of \$42,092 and \$65,543 as of December 31, 2023 and 2022, respectively.

Note 5 - Long-term Debt

Long-term debt activity for the year ended December 31, 2023 can be summarized as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
Water Revenue Bonds	\$ 25,245,000	\$ -	\$ (560,000)	\$ 24,685,000	\$ 575,000
Unamortized bond premiums	755,217	-	(29,047)	726,170	29,047
Operating lease obligations	360,715	-	(157,912)	202,803	92,019
	<u>\$ 26,360,932</u>	<u>\$ -</u>	<u>\$ (746,959)</u>	<u>\$ 25,613,973</u>	<u>\$ 696,066</u>

Long-term debt activity for the year ended December 31, 2022 can be summarized as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
Water Revenue Bonds	\$ 25,765,000	\$ -	\$ (520,000)	\$ 25,245,000	\$ 560,000
Unamortized bond premiums	784,264	-	(29,047)	755,217	-
Operating lease obligations	-	528,103	(167,388)	360,715	157,913
	<u>\$ 26,549,264</u>	<u>\$ 528,103</u>	<u>\$ (716,435)</u>	<u>\$ 26,360,932</u>	<u>\$ 717,913</u>

Bonds Payable

Taxable and Nontaxable Series 2018 Water Activity Enterprise Revenue and Improvement Bonds

On December 11, 2018, the District issued Water Activity Revenue Refunding Bonds, Series 2018A and Series 2018B, in the aggregate principal amount of \$19,775,000 and \$7,465,000, respectively. These bonds are a limited obligation and payable solely from the gross revenue of the system, subject to payment of operation and maintenance expenses. These bonds were used to fully refund and defease the 2015 Revenue Bonds.

The 2018A Series bonds bear interest at a range between 4.375 percent and 5 percent per annum payable semiannually on June 1 and December 1. The 2018B Series bonds bear interest at 5.875 percent per annum payable semiannually on June 1 and December 1. The bonds are subject to mandatory sinking fund redemption prior to maturity, in part, on December 1 each year, according to terms described in the trust indenture.

The bonds are special limited revenue obligations of the District's enterprise, payable solely from and secured by the pledged revenue and funds, as defined in the bond trust indenture. Gross revenue of the enterprise is pledged to payment of the bonds and remitted to the trustee in accordance with the Indenture of Trust. The trustee disburses operating, capital, and debt payments upon review and approval of the

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

bondholder and district management. The District is subject to various performance covenants that are included in the trust indenture.

Events of Default

Failure to pay principal or interest when due, failure to collect and deposit the gross revenue in accordance with the Indenture of Trust (the Indenture), and failure to observe or perform covenants, agreements, and conditions set forth in the Indenture are all events of default on the Series 2018 Bonds. Events of default can result in Receivership, Suit for Judgment, or other legal action.

The District had deferred outflows of \$4,567,504 and \$4,836,180 related to deferred charges on bond refundings at December 31, 2023 and 2022, respectively.

Bond Maturities

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$ 575,000	\$ 1,258,050	\$ 1,833,050
2025	615,000	1,226,981	1,841,981
2026	710,000	1,193,781	1,903,781
2027	740,000	1,155,700	1,895,700
2028	780,000	1,115,988	1,895,988
2029-2033	4,515,000	4,897,944	9,412,944
2034-2038	5,810,000	3,515,069	9,325,069
2039-2043	4,915,000	2,030,919	6,945,919
2044-2048	6,025,000	813,311	6,838,311
	<u>\$ 24,685,000</u>	<u>\$ 17,207,743</u>	<u>\$ 41,892,743</u>

Note 6 – Leases

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases (GASB 87). The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The District is involved in various leasing arrangements for buildings, vehicles and equipment. All existing and newly acquired leases during the current year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a respective receivable or payable is recognized.

Lease Liabilities

The District has entered into five lease agreements as the lessee for buildings, vehicles, and equipment. The liability related to these leases was initially recognized on January 1, 2022 with the adoption of GASB 87. Of these, two of the leases are related to vehicles (finance-type leases), two of the leases are related to equipment, and one of the leases is related to a building. Where the lease doesn't specify an interest rate, the District calculated the lease liability using a present value rate of 6% based on its incremental rate of borrowing at the lease commencement date. The interest rate on the vehicle leases range from 6.35% to 6.75%. The leased vehicles are pledged as collateral under the terms of the leases. The District has determined that its various water leases are not subject to the requirements of GASB 87.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Below is a schedule of future lease liabilities as of December 31, 2023:

Year Ended December 31,	Operating Leases		Finance-Type Leases		Total
	Principal	Interest	Principal	Interest	
2024	\$ 92,019	\$ 11,374	\$ 13,644	\$ 1,232	\$ 103,393
2025	68,009	12,991	11,023	442	81,000
2026	42,775	11,227	-	-	54,002
	<u>\$ 202,803</u>	<u>\$ 35,592</u>	<u>\$ 24,667</u>	<u>\$ 1,674</u>	<u>\$ 238,395</u>

Note 7 - Water Agreements

Water Lease Agreement - Coors

The District executed a water lease agreement on March 31, 2017 that terminated and replaced previous water lease agreements with Coors Brewing Company (Coors). The agreement commenced on April 1, 2017 with an initial lease term ending on March 31, 2022, with the option for up to two five-year renewals. During 2022, no renewal option was exercised. Under the terms of the agreement, the District received the right to up to 200 acre feet, with the option to increase by an additional 200 acre feet, up to 400 acre feet total of water per delivery season at a rate of \$750 per acre foot.

Water Share Purchase and Leaseback Agreement - WSP

On June 17, 2014, the District entered into a water share purchase and leaseback agreement with H3O LLC (H3O). Under this agreement, H3O funded the \$1,000,000 settlement with Valley Bank and Trust on the District's behalf. As a result, the District conveyed its original 17 Brantner Share certificates to H3O, and the District agreed to lease consumable water from H3O at a rate of \$350 per acre foot per year. On May 14, 2019, an assignment and consent to assignment of the Water Share Purchase and Leaseback Agreement was executed with WSP, the successor entity to H3O. Principals of WSP also serve on the District's board of directors. The assignment amended the lease rate to \$650 per acre foot per year, including the take or pay lease condition with respect to the entire 130 acre feet of Brantner Water available in a calendar year, such that, in addition to the lease fee due for the water diverted, a lease fee for the shortfall, if any, will be due annually. The term of the lease will continue for as long as WSP owns the Brantner Shares and will terminate when and to the extent WSP sells all or a portion of the shares. The District has first right of refusal upon WSP's decision to sell the shares, on the same terms and price WSP offers to any third party.

Water Lease Agreements - WSP

The District entered into two water lease agreements with H3O to lease consumable water and potable and nonpotable water at \$650 per acre foot. The leases expired on December 31, 2013; however, the District and H3O have been operating under the terms of the initial lease subsequent to the termination date.

On January 1, 2016, the District entered into a water lease agreement with H3O with a termination date of December 31, 2018. Effective January 1, 2019, the District entered into the First Amended and Extension of Water Lease Agreement (Communitual Water) with WSP, the successor entity to H3O, which extended the water lease through December 31, 2025. Under the terms of this new agreement, WSP will lease from the District up to 300 acre feet of water reusable effluent annually at a rate of \$650 per acre foot paid monthly.

On January 1, 2016, the District entered into a water lease agreement with H3O with a termination date of December 31, 2025. Under terms of this agreement, the District leased up to 300 acre feet of water annually to H3O at a rate of \$650 per acre foot paid monthly. This agreement was assigned to WSP, the successor entity to H3O, under the Amended and Restated Water Lease Agreement (Consumptive Water), for a rate of \$400 per acre foot.

**Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)**

Water Storage and Facilities Usage and Public Improvements Agreement - WSP

On August 21, 2013, the District entered into a water storage and facilities usage and public improvements agreement with H3O, which was subsequently assigned to WSP, the successor entity to H3O. WSP is granted the use of the following: (1) the District's water storage reservoirs, including but not limited to Signal Reservoir No. 1 and Signal Reservoir No. 2, (the "Signal Reservoirs") or other district water storage reservoirs designated by the District; (2) water transmission lines, wells, pumps, facilities, and appurtenances for the purpose of storing up to 200 acre feet of water and transmitting up to 2,000 acre feet of water per year, provided such storage and transmission does not interfere with the District's use of the facilities; and (3) the Signal Reservoirs and the District's adjoining land necessary for the purposes of installing temporary and permanent water pumps, pipelines, and associated facilities to withdraw water from the Signal Reservoirs and to construct access roads and load out areas to accept withdrawn water into water trucks. H3O's right of usage is subject to the District's use of the facilities for the benefit of the District's present or future customers, and WSP is not entitled to use any facilities needed for public use by the District's present or future customers.

As partial consideration for the right of usage, H3O paid the District \$50 per acre foot of water pumped through the District's water lines, as measured at the District's alluvial wells or the Guthrie turnout on the Brantner Ditch but not to exceed \$100,000 per year. As additional consideration, H3O agreed to construct improvements to the reservoir estimated to be \$750,000 and improvements to the water lines and to the District's delivery systems from the reservoirs, estimated to be \$250,000. The public improvements were dedicated to the District on or before the end of the term of this agreement (December 31, 2018) at no cost to the District. The District and WSP have continued operating under the terms of the agreement subsequent to the end of its term.

Water Purchase and Sale Agreement - Adams County

The District entered into a water lease agreement with Adams County on September 24, 2020 to sell up to 120 acre feet of water at \$300 per acre foot to Adams County each year. The agreement commenced on November 1, 2020 with an initial term ending on October 31, 2023. On or before October 31 of each year of the agreement term, Adams County shall provide the District with a written delivery projection for that year of the agreement term.

Water Lease Agreement - HTC

On January 1, 2016, the District entered into a new water lease agreement with HTC Golf Acquisitions, LLC (HTC) to lease nonpotable water to the golf course. The lease, as subsequently extended, expired on December 31, 2022. Under the terms of the lease, the District leases 300 acre feet of water annually to HTC at a rate of \$596.31 per acre foot, or \$1.83 per thousand gallons of nonpotable water drawn by HTC. The District and HTC have been operating under the terms of the initial lease subsequent to the original expiration date.

Water Lease Agreements - WSP

On December 1, 2017, the District amended and restated a water lease agreement dated October 1, 2016 with WSP to lease consumptive water. The lease was set to expire on December 31, 2019. Under the terms of the lease, the District would lease and deliver 900 acre feet of water annually to WSP at a rate of \$400 per acre foot of consumptive water.

On May 14, 2019, the District entered into the first amendment and extension to the amended and restated water lease agreement dated December 1, 2017. This action (1) extended the term through December 31, 2025, with a unilateral one-month termination notice period; (2) replaced the 900 acre feet annual delivery schedule with an annual lease request to be provided by WSP and responded to by the District, without jeopardizing the District's ability to meet its municipal water demands, at the District's sole discretion; (3) provides the District the ability to curtail and resume leasing consumptive water through notice to WSP, if the District determines, in its sole discretion that leasing consumptive water jeopardizes the District's ability to supply water to meet its current or future municipal water demands; (4) provides for WSP to request that the District deliver other water if the District has capacity to do so, at a rate of \$100 per acre foot; and (5)

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

adjusts the lease fee to include a profit calculation and guaranteed profit margin of 20 percent per annum by way of an additional annual payment due during the following year.

On December 1, 2020, the District entered into another lease agreement with WSP to lease water to the District on a monthly basis for amounts requested by the District. Any requests are subject to a delivery rate determined on a monthly basis. Additionally, the lease calls for an additional monthly lease fee in an amount equal to WSP's actual cost incurred per acre foot to acquire the water requested by the District. The lease has a stated maturity date of December 31, 2021 but has been automatically renewed annually as long as WSP continues to own the subject water rights.

Principals of WSP also serve on the District's board of directors.

Water Lease - Purchase Agreement - SACWSD and Adams County

On December 8, 2015, the District; Adams County, Colorado (the "County"); and South Adams County Water and Sanitation District (SACWSD) entered into an intergovernmental agreement regarding the Mann Lakes Reservoir (Mann Lakes). The County agreed to lease to the District and SACWSD certain storage and inlet/outlet capacity, as well as granted a license to use, access, manage, operate, repair, and maintain Mann Lakes and the area around Mann Lakes, which is controlled by the County. The County further granted the District and SACWSD a purchase option for the reservoir storage and inlet/outlet capacity, effective when the reservoir becomes operational and remaining in effect through the end of the lease purchase term. The minimum purchase amount is \$6,238,925, adjusted for credits to and from the District, as detailed in the lease purchase agreement. The term of the lease purchase expired on December 31, 2015; is subject to an automatic renewal for 12 consecutive one-year periods unless terminated prior to the end of the lease term; and is subject to annual appropriation by the District and SACWSD. The District made an earnest payment to the County of \$30,000, which shall be credited to the first year's lease purchase payment. Lease purchase payments are \$120,000 annually and are due on April 1 of each year once the reservoir becomes operational. The District anticipates that the reservoir will be operational during 2025.

Agreement for Purchase and Sale of Raw Water Assets - WSP

On November 22, 2019, the District entered into a purchase and sale agreement with WSP, a related party whose principals also serve on the District's board of directors (see Note 8). The District agreed to sell certain capital assets and water rights held by the District (as included in Note 4) to WSP with the guarantee that WSP will provide firm-yield raw water on demand to the District through a utility agreement, described below.

The following is a listing of the prices and net book value of assets to be sold as part of this purchase and sale agreement at closing, as of December 31, 2023:

	Price	Original Cost	Net Book Value
Mann Lakes Reservoir	\$ 4,915,622	\$ 4,915,622	\$ 4,915,622
River One Pipeline	3,800,000	2,253,056	1,849,176
Signal Reservoirs	1,882,000	1,619,526	982,025
SS Pipeline (Marcus to Smith Connector)	456,800	-	-
2013 and 2016 Water Decrees	564,000	-	-
Signal Ditch Stock (minimal value)	-	-	-
	<u>\$ 11,618,422</u>	<u>\$ 8,788,204</u>	<u>\$ 7,746,823</u>

The Mann Lakes asset would be conveyed by a license agreement, by which the District grants to WSP the perpetual license and right to receive the interest and benefits of the District in, to, and under the Mann Lakes Agreements (see Water Lease - Purchase Agreement - SACWSD and Adams County above), including the District's purchase option, in exchange for an amount equal to the total amount paid by the District for its share of the costs of designing, permitting, and constructing the reservoirs. These costs are included in construction in progress and have not been depreciated.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

The purchase price would be determined by the fair market value of the listed assets, as defined in the agreement, less any funds owed to WSP as part of the funding and reimbursement agreement described in Note 2. The District intends to use the proceeds from the sale of these assets to reduce its outstanding bond obligations, as described in Note 5.

Closings

According to the purchase and sale agreement WSP has a period of one year from the effective date to conduct due diligence and secure financing for the purchase and has the right to terminate the agreement if it is unable to perform. In the event that WSP is unable to perform within this period, the District would then have the ability to terminate the agreement. The purchase and sale agreement also provides the opportunity for up to three separate closings, at which point certain portions of assets would be conveyed at their established prices. On July 13, 2023, the District entered into the Fourth Amendment to the Agreement, which extended the due diligence period, and the right to terminate, to July 21, 2024.

In the event that the sale reaches initial closing, WSP and the District would be obligated to enter into a utility agreement, which would allow WSP to supply raw water to the District for a stated water management and delivery fee and a water resource fee. If this utility agreement were to be entered into, the agreement would need to be assessed for accounting and financial reporting treatment, including under the following accounting pronouncements: GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 87, *Leases*; and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

Note 8 - Related Party Transactions

Two of the members of the District's board of directors are the two members of West South Platte Water, LLC (the "Company"). The District entered into an agreement to manage and perform the administrative duties, maintain and administer operations, and handle the financial affairs of the District for 2023 and 2022. The contract automatically renews annually, subject to the District's annual budget and appropriation, unless terminated by either party upon thirty days written notice. As of December 31, 2023 and 2022, the District owed \$119,973 and \$117,102, respectively, to the Company, which is included in the accounts payable on the statement of net position.

The two members of HTC (see Note 7) also serve on the District's board of directors. At December 31, 2023 and 2022, HTC owed the District \$0 and \$1,791, respectively, related to the water agreements disclosed in Note 7.

The two members of WSP also serve on the District's board of directors. For the years ended December 31, 2023 and 2022, respectively, the District paid WSP \$90,370 and \$81,000 for rent expense included in the amount disclosed in Note 9. The District owed WSP \$7,530 at December 31, 2023 related to the rent agreement disclosed in Note 9 and the water agreements disclosed in Note 7. At December 31, 2023 and 2022, WSP owed the District \$105,000 related to the water agreements disclosed in Note 7.

WSP also advanced funds to the District under the terms of the funding and reimbursement agreement disclosed in Note 2. At December 31, 2023 and 2022, the District owed WSP \$2,230,169 related to this agreement.

Note 9 - Commitments and Contingencies

Commitments

The District leases office space from WSP, a related party (see Note 8), under a triple-net agreement that expires in August 2026. The District also entered into a lease during with WSP to lease pumping equipment with payments commencing in 2020 that expires in 2023. Additionally, the District has leases for office equipment with a bank and a financing company spanning through 2024 and 2025, respectively.

Total rental payments from the operating leases for the years ended December 31, 2023 and 2022 was \$287,388 each year.

Todd Creek Village Metropolitan District
Notes to Financial Statements
December 31, 2023 and 2022
(continued)

Minimum base rental payments, excluding expected property taxes, due for the next five years and in total are as follows for the years ending December 31:

2024	\$ 133,393
2025	81,000
2026	<u>54,000</u>
Total	<u>\$ 268,393</u>

In January 2017, the District entered into an agreement with a third party to provide professional consulting and management services for planning, financing, constructing, and installing certain public improvements at a rate of 5 percent of gross billings for all contractors hired and constructions performed by the third party to complete the public improvements. The agreement was renewed in January 2018 and automatically renews each succeeding year until it is terminated.

Litigation

The District is involved in litigation from time to time in the ordinary course of business. In such instances, management evaluates whether the likely outcome of any such litigation will materially affect the net position, results of operations, or cash flows of the District.

Note 10- 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.

The District's management believes it qualifies under the Water Activity Enterprise definition of TABOR and, therefore, is not subject to the requirements of TABOR. However, TABOR is complex and subject to interpretation.

Note 11 – 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 District Property and Liability Pool (the Pool) as of December 31, 2023. 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 12 – Subsequent Event

On May 9, 2024, the District issued its Water Activity Revenue Bonds, Series 2024, in the amount of \$8,700,000. The proceeds of the bonds will be used to finance or reimburse a portion of the costs of capital projects, to pay for a bond insurance policy, to fund certain of the funds created by the Indenture, and to pay issuance costs. Principal amounts due range from \$100,000 in 2024 to \$570,000 in 2048. Total principal and interest payments are approximately \$595,000 annually. Interest rates range from 4.125% to 5%. Revenue pledged to repayment of the Bonds is net revenue (gross revenue less operating and maintenance expenses) as defined in the Indenture.

SUPPLEMENTAL INFORMATION

Todd Creek Village Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance From Final Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 4,838,948	\$ 4,838,948	\$ 4,124,394	\$ (714,554)
Failure to connect fees	33,120	33,120	20,100	(13,020)
Reserve fees	498,644	498,644	494,556	(4,088)
Conservation fees	443,151	443,151	292,276	(150,875)
Other fees	55,500	55,500	35,950	(19,550)
Meters	49,500	49,500	57,050	7,550
Water lease	1,320,000	1,320,000	563,652	(756,348)
Net investment income	26,648	6,777	213,788	207,011
Tap fees	4,035,000	4,035,000	4,115,063	80,063
Capital contributions	3,420,168	3,420,168	-	(3,420,168)
Grant proceeds	1,960,784	1,960,784	-	(1,960,784)
Miscellaneous income	175,000	175,000	90,267	(84,733)
Total Revenues	16,856,463	16,836,592	10,007,096	(6,829,496)
EXPENDITURES				
Administration				
Legal	108,353	108,353	147,641	(39,288)
Accounting and audit	27,884	27,884	-	27,884
District management	1,413,720	1,413,720	1,413,720	-
Engineering	42,000	42,000	193,120	(151,120)
Insurance	53,947	53,947	51,350	2,597
Community relations	16,371	16,371	13,958	2,413
Miscellaneous	101,420	101,420	34,525	66,895
Office and administrative	161,271	161,271	198,399	(37,128)
Office rental costs	115,119	115,119	112,472	2,647
Total Administration	2,040,085	2,040,085	2,165,185	(125,100)

(continued)

Todd Creek Village Metropolitan District

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2023

(continued)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance From Final Favorable (Unfavorable)
Raw Water Operations				
Equipment lease	204,000	204,000	204,000	-
Repair and maintenance	530,992	530,992	528,269	422,073
Reservoir lease	120,000	120,000	120,350	(350)
Tools and supplies	9,080	9,080	20,895	(11,815)
Utilities	297,000	297,000	98,380	198,620
Vehicle	51,317	51,317	19,384	31,933
Total raw water	1,212,389	1,212,389	991,278	640,461
Water Treatment				
Equipment rent	-	-	-	-
Repair and maintenance	416,823	416,823	623,272	307,904
Treatment facility operations	91,500	91,500	44,222	47,278
Tools and supplies	-	-	37,934	(37,934)
Utilities	50,000	50,000	108,919	(58,919)
Water treatment and testing	87,726	87,726	99,027	(11,301)
Vehicle	16,155	16,155	9,155	7,000
Total water treatment	662,204	662,204	922,529	254,028
Water Distribution				
Meters and MXU system	130,250	130,250	171,312	(41,062)
Repair and maintenance	564,382	564,382	100,695	463,687
Tools and supplies	51,725	51,725	24,143	27,582
Utilities	165,050	165,050	73,493	91,557
Water treatment and testing	46,445	46,445	5,775	40,670
Vehicle	38,600	38,600	16,816	21,784
Total raw water	996,452	996,452	392,234	604,218
Water Rights				
Water acquisition	396,240	396,240	397,160	(920)
Water rights legal and professional	185,935	185,935	188,959	(3,024)
Total water rights	582,175	582,175	586,119	(3,944)
Capital outlay	10,682,829	10,682,829	3,292,207	7,390,622

(continued)

Todd Creek Village Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2023
(continued)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance From Final Favorable (Unfavorable)
Debt Service				
Interest	1,288,238	1,288,238	1,285,723	2,515
Principal on bonds	560,000	560,000	560,000	-
Finance-type lease payments	-	6,812	13,644	(6,832)
Trustee fees	4,000	4,000	4,000	-
Total debt service	<u>1,852,238</u>	<u>1,859,050</u>	<u>1,863,367</u>	<u>(4,317)</u>
Total expenditures	<u>18,028,372</u>	<u>18,035,184</u>	<u>10,212,919</u>	<u>7,822,265</u>
Excess of Revenues over (under) expenditures	<u>(1,171,909)</u>	<u>(1,198,592)</u>	<u>(205,823)</u>	<u>992,769</u>
BEGINNING FUNDS AVAILABLE	<u>4,567,035</u>	<u>1,081,930</u>	<u>1,358,501</u>	<u>276,571</u>
ENDING FUNDS AVAILABLE	<u><u>\$ 3,395,126</u></u>	<u><u>\$ (116,662)</u></u>	<u><u>\$ 1,152,678</u></u>	<u><u>\$ 1,269,340</u></u>

Todd Creek Village Metropolitan District
RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2023

Revenues (budgetary basis)	\$ 10,007,096
Contributed assets	<u>6,624,893</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>16,631,989</u>
Expenditures (budgetary basis)	10,212,919
Depreciation and amortization	2,218,930
Allowance for doubtful accounts	-
Debt service - principal	(573,644)
Capital outlay	(3,292,207)
Operating lease adjustment	<u>(157,913)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>8,408,085</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 8,223,904</u></u>