

**WILLOW BROOK
METROPOLITAN DISTRICT
Summit County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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Independent Auditors' Report

To the Board of Directors
Willow Brook Metropolitan District

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of Willow Brook Metropolitan 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, the business-type activities, and the major fund of the Willow Brook Metropolitan District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Willow Brook Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Willow Brook Metropolitan 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Willow Brook Metropolitan 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 Willow Brook Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that 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.

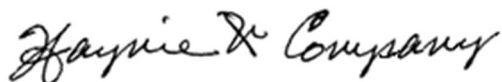
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Willow Brook Metropolitan District's basic financial statements. The supplemental 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, as listed in the table of contents, 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, as listed in the table of contents, included in the report. 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.



Littleton, Colorado
September 5, 2024

BASIC FINANCIAL STATEMENTS

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 188,764	\$ 232,318	\$ 421,082
Accounts receivable:			
Customer	2,130	29,514	31,644
County treasurer	1,507	969	2,476
Other	6,591	-	6,591
Property taxes receivable	454,870	212,594	667,464
Prepaid expenditures	18,009	-	18,009
Capital assets not being depreciated	11,760	40,466	52,226
Capital assets, net of accumulated depreciation	912,256	2,757,629	3,669,885
Total assets	<u>1,595,887</u>	<u>3,273,490</u>	<u>4,869,377</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other liabilities	31,180	7,899	39,079
Accrued interest payable	1,350	5,253	6,603
Long-term debt - current portion	115,000	115,819	230,819
Total current liabilities	<u>147,530</u>	<u>128,971</u>	<u>276,501</u>
NONCURRENT LIABILITIES			
Long-term debt - noncurrent portion	<u>275,000</u>	<u>1,261,322</u>	<u>1,536,322</u>
Total liabilities	<u>422,530</u>	<u>1,390,293</u>	<u>1,812,823</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	454,870	212,594	667,464
Total deferred inflows of resources	<u>454,870</u>	<u>212,594</u>	<u>667,464</u>
NET POSITION			
Net investment in capital assets	534,016	1,520,954	2,054,970
Restricted for emergencies	21,100	9,400	30,500
Unrestricted	163,371	140,249	303,620
Total net position	<u>\$ 718,487</u>	<u>\$ 1,670,603</u>	<u>\$ 2,389,090</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 422,754	\$ 35,665	\$ -	\$ -	\$ (387,089)	\$ -	\$ (387,089)
	<u>422,754</u>	<u>35,665</u>	<u>-</u>	<u>-</u>	<u>(387,089)</u>	<u>-</u>	<u>(387,089)</u>
Business-type activities:							
Water	239,995	134,013	38,119	-	-	(67,863)	(67,863)
	<u>239,995</u>	<u>134,013</u>	<u>38,119</u>	<u>-</u>	<u>-</u>	<u>(67,863)</u>	<u>(67,863)</u>
Total	<u>\$ 662,749</u>	<u>\$ 169,678</u>	<u>\$ 38,119</u>	<u>\$ -</u>	<u>(387,089)</u>	<u>(67,863)</u>	<u>(454,952)</u>
General revenues and transfers:							
Taxes:							
Property taxes					448,490	185,358	633,848
Specific ownership taxes					25,520	10,547	36,067
Conservation trust funds					584	-	584
Interest					27,431	153	27,584
Miscellaneous					328	172	500
Total general revenues and transfers					<u>502,353</u>	<u>196,230</u>	<u>698,583</u>
Change in net position					115,264	128,367	243,631
Net position - beginning					<u>603,223</u>	<u>1,542,236</u>	<u>2,145,459</u>
Net position - ending					<u>\$ 718,487</u>	<u>\$ 1,670,603</u>	<u>\$ 2,389,090</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**WILLOW BROOK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2023**

	General
ASSETS	
Cash and cash equivalents	\$ 188,764
Accounts receivable:	
Customer	2,130
County treasurer	1,507
Other	6,591
Property taxes receivable	454,870
Prepaid expenditures	18,009
TOTAL ASSETS	\$ 671,871
 LIABILITIES	
Accounts payable and other liabilities	\$ 31,180
TOTAL LIABILITIES	31,180
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	454,870
TOTAL DEFERRED INFLOWS OF RESOURCES	454,870
 FUND BALANCE	
Nonspendable:	
Prepaid expenditures	18,009
Spendable:	
Restricted:	
Emergency reserves	21,100
Assigned for subsequent year's expenditures	25,599
Unassigned	121,113
TOTAL FUND BALANCE	185,821
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	924,016
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds.	
Accrued interest payable	(1,350)
Long-term debt obligations	(390,000)
Net position of governmental activities	\$ 718,487

These financial statements should be read only in connection with
the accompanying notes to financial statements.

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended December 31, 2023

	General
REVENUES	
Conservation trust funds	\$ 584
Property taxes - General reserve fees	33,912
Interest	27,431
Miscellaneous	328
Property taxes	414,578
Specific ownership taxes	25,520
Snow removal	24,358
Trash service	11,307
Total revenues	538,018
EXPENDITURES	
General government:	
Audit	13,921
County treasurer fees	22,443
District management and accounting	81,822
Election	15,651
Insurance and dues	20,134
Legal	21,976
Miscellaneous	2,473
Signage design proposal	2,653
Trash removal	23,716
Utilities	15,173
Weeds	13,786
Operations and maintenance	5,105
Ranch manager	79,395
Hay meadows and fencing	1,393
Roads	26,451
Stable - equestrian center	900
Debt service:	
Lease principal	60,000
Lease interest	3,000
Note principal	55,000
Note interest	15,400
Capital outlay:	
Culverts	16,061
Mailbox project	52,825
Trash enclosure improvements	27,562
Trailer	6,000
Vehicles and equipment	120,000
Total expenditures	702,840
EXCESS OF EXPENDITURES OVER REVENUES	(164,822)
OTHER FINANCING SOURCES (USES)	
Lease proceeds	120,000
Total other financing sources (uses)	120,000
NET CHANGE IN FUND BALANCE	(44,822)
FUND BALANCE - BEGINNING OF YEAR	230,643
FUND BALANCE - END OF YEAR	\$ 185,821

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**WILLOW BROOK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

A reconciliation reflecting the differences between the governmental funds net change in fund balance and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balance - Total governmental fund	\$	(44,822)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	222,448	
Depreciation	<u>(57,295)</u>	165,153

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Lease proceeds	(120,000)	
Payment on long-term debt obligations	<u>115,000</u>	(5,000)

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in accrued interest on long-term obligations		<u>(67)</u>
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Change in net position - governmental activities	\$	<u><u>115,264</u></u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Conservation trust funds	\$ 300	\$ 500	\$ 584	\$ 84
Property taxes - General reserve fees	33,000	33,000	33,912	912
Interest	4,000	25,073	27,431	2,358
Miscellaneous	-	124	328	204
Property taxes	385,719	385,719	414,578	28,859
Specific ownership taxes	19,400	22,165	25,520	3,355
Snow removal	18,000	19,000	24,358	5,358
Stable and meadow fees	1,000	1,000	-	(1,000)
Trash service	12,100	12,100	11,307	(793)
Total revenues	<u>473,519</u>	<u>498,681</u>	<u>538,018</u>	<u>39,337</u>
EXPENDITURES				
General government:				
Audit	12,000	13,921	13,921	-
County treasurer fees	19,287	19,311	22,443	(3,132)
District management and accounting	80,000	80,000	81,822	(1,822)
Election	10,000	15,614	15,651	(37)
Insurance and dues	12,000	19,532	20,134	(602)
Legal	12,000	20,000	21,976	(1,976)
Miscellaneous	4,000	4,000	2,473	1,527
Signage design proposal	-	2,653	2,653	-
Trash removal	20,000	23,758	23,716	42
Utilities	10,800	15,586	15,173	413
Weeds	15,000	6,890	13,786	(6,896)
Emergency reserve	9,400	-	-	-
Operations and maintenance	3,000	3,332	5,105	(1,773)
Ranch manager	84,100	85,253	79,395	5,858
Irrigation	500	500	-	500
Hay meadows and fencing	5,000	9,296	1,393	7,903
Roads	27,000	26,643	26,451	192
Stable - equestrian center	100	1,000	900	100
Debt service:				
Lease principal	-	60,000	60,000	-
Lease interest	-	3,000	3,000	-
Note principal	55,000	55,000	55,000	-
Note interest	15,400	15,400	15,400	-
Capital outlay:				
Culverts	-	16,000	16,061	(61)
Mailbox project	-	52,825	52,825	-
Trash enclosure improvements	-	27,562	27,562	-
Trailer	-	6,000	6,000	-
Vehicles and equipment	-	120,000	120,000	-
Total expenditures	<u>394,587</u>	<u>703,076</u>	<u>702,840</u>	<u>236</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>78,932</u>	<u>(204,395)</u>	<u>(164,822)</u>	<u>39,573</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Lease proceeds	-	120,000	120,000	-
Total other financing sources	-	120,000	120,000	-
NET CHANGE IN FUND BALANCE	78,932	(84,395)	(44,822)	39,573
FUND BALANCE - BEGINNING OF YEAR	187,760	230,643	230,643	-
FUND BALANCE - END OF YEAR	<u>\$ 266,692</u>	<u>\$ 146,248</u>	<u>\$ 185,821</u>	<u>\$ 39,573</u>
Fund balance is computed as follows:				
Current assets			\$ 671,871	
Current liabilities and deferred inflows of resources			<u>(486,050)</u>	
			<u>\$ 185,821</u>	

These financial statements should be read only in connection with the
accompanying notes to financial statements.

**WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023**

	Water
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 232,318
Accounts receivable:	
Customer	29,514
County treasurer	969
Property taxes receivable	212,594
Total current assets	475,395
CAPITAL ASSETS	
Capital assets not being depreciated	40,466
Capital assets, net of accumulated depreciation	2,757,629
Total capital assets	2,798,095
TOTAL ASSETS	\$ 3,273,490
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and other liabilities	\$ 7,899
Accrued interest payable	5,253
Long-term obligations - current portion	115,819
Total current liabilities	128,971
NONCURRENT LIABILITIES	
Long-term obligations - noncurrent portion	1,261,322
Total liabilities	1,390,293
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	212,594
Total deferred inflows of resources	212,594
NET POSITION	
Net investment in capital assets	1,420,954
Restricted for emergencies	9,400
Unrestricted	240,249
Total net position	1,670,603
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 3,273,490

These financial statements should be read only in connection with
the accompanying notes to financial statements.

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2023

	Water
OPERATING REVENUES	
Service charges	\$ 86,763
Project reserve fees	47,250
Grants	38,119
Total operating revenues	172,132
OPERATING EXPENSES	
Easement	10,000
Maintenance contract	31,833
Repairs and maintenance	10,592
Road signage	24,121
Utilities	257
Water billing	13,033
Water testing	1,931
Depreciation	91,678
County treasurer fees	9,275
Notes and loan interest	47,275
Total operating expenses	239,995
LOSS FROM OPERATIONS	(67,863)
NONOPERATING REVENUES	
Property taxes	185,358
Specific ownership taxes	10,547
Interest	153
Miscellaneous	172
Total nonoperating revenues	196,230
CHANGE IN NET POSITION	128,367
NET POSITION - BEGINNING OF YEAR	1,542,236
NET POSITION - END OF YEAR	\$ 1,670,603

These financial statements should be read only in connection with
the accompanying notes to financial statements.

WILLOW BROOK METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2023

	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 131,210
Payments to vendors	(99,693)
Net cash provided by operating activities	31,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Property and specific ownership taxes received	195,356
County treasurer fees paid	(9,275)
Grants	38,119
Acquisition of capital assets	(45,284)
Net cash provided by capital and related financing activities	178,916
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous	172
Net cash provided by noncapital related financing activities	172
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest paid on long-term debt	(48,312)
Principal paid on long-term debt	(117,531)
Net cash used in investing activities	(165,843)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,762
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	187,556
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 232,318
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Net income (loss) from operations	\$ (67,863)
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities:	
Depreciation	91,678
Grants	(38,119)
Effects of changes in operating assets and liabilities:	
Accounts receivable	(2,803)
Accounts payable and other liabilities	48,624
Net cash provided by operating activities	\$ 31,517

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Willow Brook Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Summit County, Colorado. The District was established to provide water, recreation and street maintenance services within its boundaries.

The District has one employee as a ranch manager and all 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, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources 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

WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities. Tap fees are recorded as capital contributions when received.

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 trash service fees. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

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 District reports the following major proprietary fund:

The Water Fund accounts for the water operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For the year ended December 31, 2023, supplementary appropriations approved by the District's board of directors modified the appropriations in the General Fund.

For District management purposes, the District adopts budgets for the General Fund, Road Paving Fund, Capital Projects Fund and the Water Operations Fund. However, for financial reporting purposes the Road Paving Fund is combined into the General Fund and the Capital Projects Fund is combined into the Water Fund as the capital projects are related to water operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pooled Cash and Investments

The District follows the practice of pooled 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

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash.

Cash equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

Customer Accounts Receivable

Due to the broad powers of collection, no allowance for uncollectible customer accounts receivable has been reported.

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 30 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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, water rights, road improvements, bridge improvements, buildings and improvements, vehicles and equipment and water system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of water rights includes acquisition costs, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Road improvements	5 – 30 years
Buildings and improvements	10 – 30 years
Bridge improvements	30 years
Water system and equipment	3 – 40 years
Vehicles and equipment	5 – 20 years

Lease Purchase

In June 2023, the District entered into a lease-purchase agreement for a 2013 John Deere loader that expires in December 2024. The asset and liability under the lease-purchase agreement are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The equipment is being depreciated over the estimated economic useful life. The asset and the related liability are recorded in the general fund in which the equipment is being used and from which the liability will be paid. The lease is subject to annual appropriations.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. 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.

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Fund Balances - Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the District board of directors or by an official or body to which the District board of directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the District board of directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

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

Cash and investments	<u>\$ 421,082</u>
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Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 20,959
Investments	<u>400,123</u>
	<u>\$ 421,082</u>

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

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank balance of \$84,898 and carrying balance of \$20,959.

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

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.

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

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust:		
COLOTRUST PLUS+	Weighted average maturity under 60 days	\$ 348,860
COLOTRUST EDGE	Weighted average maturity under one year	51,263
		<u>\$ 400,123</u>

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

ColoTrust

During 2023, the District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing ColoTrust. The District invested in COLOTRUST PLUS+ (PLUS) and COLOTRUST EDGE (EDGE), two of the three portfolios offered by ColoTrust. PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption period. Allowable investments in the PLUS+ portfolio include U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. EDGE investments consist of money market instruments and medium-term notes designed for the short to intermediate reserve and surplus funds of Colorado governments.

A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by ColoTrust. PLUS+ is rated AAAm by S&P Global Ratings and EDGE is rated AAAs/S1 by Fitch Ratings.

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Valuation

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is estimated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in ColoTrust at year end for which the investment evaluations were determined as follows.

Colostrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of ColoTrust, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

FASB guidance. It is the goal of PLUS+ to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share. EDGE does not seek to maintain a stable NAV. EDGE initially established a \$10.00 transactional share price. The principal value of an EDGE investment may fluctuate and could be greater or less than the share price at price of purchase, prior to redemption and at the time of redemption.

NOTE 4 - CAPITAL ASSETS

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

Governmental activities:	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 11,760	\$ -	\$ -	\$ 11,760
Total capital assets, not being depreciated	<u>11,760</u>	<u>-</u>	<u>-</u>	<u>11,760</u>
Capital assets, being depreciated:				
Road improvements	699,000	16,061	-	715,061
Bridge improvements	77,674	-	-	77,674
Vehicles and equipment	79,689	126,000	-	205,689
Buildings and improvements	294,624	80,387	-	375,011
Total capital assets being depreciated	<u>1,150,987</u>	<u>222,448</u>	<u>-</u>	<u>1,373,435</u>
Less accumulated depreciation for:				
Road improvements	(160,651)	(22,407)	-	(183,058)
Bridge improvements	(27,185)	(2,589)	-	(29,774)
Vehicles and equipment	(23,907)	(19,538)	-	(43,445)
Buildings and improvements	(192,141)	(12,761)	-	(204,902)
Total accumulated depreciation	<u>(403,884)</u>	<u>(57,295)</u>	<u>-</u>	<u>(461,179)</u>
Total capital assets being depreciated, net	<u>747,103</u>	<u>165,153</u>	<u>-</u>	<u>912,256</u>
Total capital assets, net	<u>\$ 758,863</u>	<u>\$ 165,153</u>	<u>\$ -</u>	<u>\$ 924,016</u>

Depreciation of the governmental activities is charged to the general government function/program.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Business-type activities:	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Capital assets, not being depreciated:				
Water rights	\$ 40,466	\$ -	\$ -	\$ 40,466
Total capital assets, not being depreciated	40,466	-	-	40,466
Capital assets, being depreciated:				
Water system	3,558,802	45,284	-	3,604,086
Total capital assets being depreciated	3,558,802	45,284	-	3,604,086
Less accumulated depreciation for:				
Water system	(754,779)	(91,678)	-	(846,457)
Total accumulated depreciation	(754,779)	(91,678)	-	(846,457)
Total capital assets being depreciated, net	2,804,023	(46,394)	-	2,757,629
Total capital assets, net	<u>\$ 2,844,489</u>	<u>\$ (46,394)</u>	<u>\$ -</u>	<u>\$ 2,798,095</u>

Depreciation of the business-type activities is charged to the water function/program.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the 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
Governmental activities:					
2020 taxable promissory note	\$ 385,000	\$ -	\$ 55,000	\$ 330,000	\$ 55,000
Lease purchase	-	120,000	60,000	60,000	60,000
Business-type activities:					
CWR and PDA loan	1,344,672	-	67,531	1,277,141	65,819
2022 taxable promissory note	150,000	-	50,000	100,000	50,000
Total notes and loan payable	<u>\$ 1,879,672</u>	<u>\$ 120,000</u>	<u>\$ 232,531</u>	<u>\$ 1,767,141</u>	<u>\$ 230,819</u>

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

2020 Taxable Promissory Note

The District entered into a \$550,000 Taxable Promissory Note (2020 Note) dated May 28, 2020, due on December 1, 2030. The 2020 Note has a fixed interest rate for 5 years of 4.0%, adjusting on each five-year anniversary through the maturity date to the prevailing 5-year US Treasury rate plus 3.0% with a floor rate of 4.0%. The proceeds from the 2020 Note were used to make improvements to the District’s streets. Interest payments on the 2020 Note are payable semi-annually on June 1 and principal payments are due annually on December 1. The District may prepay the 2020 Note, in whole or in part without penalty.

Amounts due on the 2020 Note are to be made from pledged revenues consisting of revenues derived by the District, net of collection costs from the imposition of the required mill levy, specific ownership taxes and any other revenues available to the District. The required mill levy is an ad valorem mill levy imposed on all taxable property of the District each year, when combined with other pledged revenues, is an amount sufficient to pay principal and interest due on the 2020 Note.

Significant events of default under the 2020 Note include (i) failure to pay principal and interest within 5 days, (ii) failure to impose the required mill levy or fail to apply pledged revenue, (iii) failure to meet financial or custodial agreement covenants, (iv) failure to pay principal and interest on any bonds, notes or other obligations, (v) judgement or court order for the payment of money exceeding any insurance coverage by more than \$100,000, (vi) a petition if filed for bankruptcy or insolvency.

Upon the occurrence and during the continuance of any event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the 2020 Note balance shall bear interest at the default interest rate as defined in the 2020 Note agreement and the bank may declare all amounts due under the 2020 Note or take any other action available under the financing document.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2020 Note:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 55,000	\$ 13,200	\$ 68,200
2025	55,000	11,000	66,000
2026	55,000	8,800	63,800
2027	55,000	6,600	61,600
2028	55,000	4,400	59,400
2029	55,000	2,200	57,200
	<u>\$ 330,000</u>	<u>\$ 46,200</u>	<u>\$ 376,200</u>

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Lease Purchase

In 2023, the District entered into a lease-purchase agreement. The lease-purchase agreement matures on December 1, 2024 and principal and interest payments are due on June 30 and December 1.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the lease purchase agreement:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 60,000	\$ 3,000	\$ 63,000
	\$ 60,000	\$ 3,000	\$ 63,000

Colorado Water Resources and Power Development Authority Loan

The District entered into a \$1,750,000 Drinking Water Revolving Fund Direct Loan (2019 Loan), dated April 24, 2019, with 2.5% interest and a maturity date of November 1, 2039. The purpose of the 2019 Loan was to provide funding for improvements to the District’s water system. Effective September 8, 2023 the 2019 Loan principal was reduced by the remaining unused funds of \$220,334 for a total borrowing of \$1,529,666 and the semi-annual principal and interest payments due on May 1 and November 1 was reduced from \$56,784 to \$48,669. The District may prepay the 2019 Loan, in whole or in part without penalty.

Significant events of default under the 2019 Loan include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect, (v) a petition if filed for bankruptcy or insolvency.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the 2019 Loan balance shall bear interest at the greater of twelve percent per annum or the prime rate plus one half of one percent per annum, but in no event in excess of the maximum rate permitted by law.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2019 Loan:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 65,819	\$ 31,519	\$ 97,338
2025	67,474	29,864	97,338
2026	69,172	28,166	97,338
2027	70,912	26,426	97,338
2028	72,696	24,642	97,338
2029-2033	391,846	94,847	486,693
2034-2038	443,679	43,013	486,692
2039	95,543	1,796	97,339
	<u>\$1,277,141</u>	<u>\$ 280,273</u>	<u>\$1,557,414</u>

2022 Taxable Promissory Note

The District entered into a \$150,000 Taxable Promissory Note (2022 Note) dated December 8, 2022, with 7.13% interest, a maturity date of December 8, 2025 and principal and interest payments due semi-annually on June 30 and December 31. The 2022 Note was issued for the purpose of providing funds to reimburse or pay costs of wildfire mitigation projects to improve fire safety in the District. The District may prepay the 2022 Note, in whole or in part without penalty.

Amounts due on the 2022 Note are to be made from pledged revenues consisting of revenues derived by the District, net of collection costs from the imposition of the required mill levy, specific ownership taxes and any other revenues available to the District. The required mill levy is an ad valorem mill levy not to exceed 20 mills imposed on all taxable property of the District each year, when combined with other pledged revenues, is an amount sufficient to pay principal and interest due on the 2022 Note.

Significant events of default under the 2022 Note include (i) failure to pay principal and interest within 5 days, (ii) failure to impose the required mill levy or fail to apply pledged revenue, (iii) failure to meet financial or custodial agreement covenants, (iv) failure to pay principal and interest on any bonds, notes or other obligations, (v) judgement or court order for the payment of money exceeding any insurance coverage by more than \$100,000 and (vi) a petition if filed for bankruptcy or insolvency.

Upon the occurrence and during the continuance of any event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the 2022 Note balance shall bear interest at the default interest rate as defined in the 2022 Note agreement and the bank may declare all amounts due under the 2022 Note or take any other action available under the financing document.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2022 Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 50,000	\$ 6,239	\$ 56,239
2025	50,000	2,674	52,674
	<u>\$ 100,000</u>	<u>\$ 8,913</u>	<u>\$ 108,913</u>

NOTE 6 – INTERGOVERNMENTAL AGREEMENT

Town of Silverthorne

On June 1, 1995, the District entered into an intergovernmental agreement to purchase treated water from the Town of Silverthorne (Town). The District agreed to purchase 28 water taps for original residences at a cost of \$2,800 per tap totaling \$78,400. The final payment was made in 1999. Any future water taps purchased will be charged at the Town's existing published rates for Town residents. The District has built the connection to the Town's water system, including a master meter and will purchase water necessary to supplement the District's supply. The District is responsible for reading customer meters within the District and billing customers for water used. The District will be charged at the rate of 1-1/2 times the rate for the Town's residents and will be billed by the Town quarterly for each quarter of the calendar year during which water is actually delivered to the District.

NOTE 7 – FUND EQUITY

At December 31, 2023, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$18,009 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$21,100 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 – FUND EQUITY (CONTINUED)

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$25,599 is assigned for subsequent year’s expenditures.

Unassigned Fund Balance

The District’s has an unassigned fund balance in the amount of \$121,113.

NOTE 8 - NET POSITION

The District’s net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation and debt. As of December 31, 2023, the District had net investment in capital assets of \$2,054,970, comprised of \$534,016 in the governmental activities and \$1,520,954 in the business-type activities.

Restricted assets include net 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’s restricted net position at December 31, 2023 is as follows:

	Governmental Activities	Business-type Activities	Total
Restricted net position:			
Emergency reserves (see Note 10)	\$ 21,100	\$ 9,400	\$ 30,500
	\$ 21,100	\$ 9,400	\$ 30,500

In the government-wide financial statements, the District’s unrestricted net position as of December 31, 2023 totaled \$303,620, comprised of \$163,371 in the governmental activities and \$140,249 in the business-type activities.

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials' liability, boiler and machinery and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members.

Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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 that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 7, 1996, the eligible electors of the District authorized the District to: (1) collect in fiscal year 1996 and subsequent fiscal years thereafter additional property tax revenue from its mill levy, without an increase in the rate thereof, and from specific ownership taxes, interest income, and any other income of the District in excess of the rate of inflation in the prior calendar year plus annual local growth, and in excess of 105.5 percent of the property tax revenue of the District collected in the respective prior fiscal year for general operating and maintenance expenditures; and (2) implement and increase in fiscal year spending greater than the rate of inflation in the respective prior calendar year plus annual local growth, as described in (1).

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 6, 2018, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District debt be increased \$1,750,000, with a repayment cost of \$3,950,000; and shall Willow Brook Metropolitan District taxes be increased \$200,000 annually, or by such lesser annual amount as may be necessary to pay the district's debt: such debt to consist of general obligation bonds, special assessment bonds, revenue bonds, or other obligations, including contracts, issued or incurred for the purpose of paying, reimbursing, or financing all or any part of the costs of acquiring, constructing, relocating, installing, completing, repairing, replacing and otherwise providing, within or without the boundaries of the district, a complete potable and non-potable water supply, storage, transmission, and distribution system, including but not limited to transmission lines, distribution mains and laterals, irrigation facilities, and storage facilities, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements, and extensions of and improvements to said facilities, such debt to bear interest at a net effective interest rate not in excess of 10% per annum, such interest to be payable at such time or times and which may compound periodically as may be determined by the district board of directors, such debt to be sold in one series or more at a price above, below, or equal to the principal amount of such debt and on such terms and conditions as the district board of directors may determine, including provisions for redemption of the debt prior to maturity with or without payment of premium in an amount determined by the district board of directors, such debt to be paid from any legally available moneys of the district, including but not limited to the proceeds of ad valorem property taxes, specific ownership taxes and special assessments; such taxes to consist of an ad valorem mill levy imposed on all taxable property of the district, without limitation of rate or with such limitations as may be determined by the district board of directors, specific ownership taxes and special assessments, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used solely for the purpose of paying the principal of, premium if any, and interest on the district's debt; and shall the proceeds of any such debt and the proceeds of such taxes, any other revenue used to pay such debt, and investment income thereon, be collected and spent by the district as a voter-approved revenue change, and be collected and spent by the district each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado revised statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 6, 2018, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District debt be increased \$550,000, with a repayment cost of \$1,500,000; and shall Willow Brook Metropolitan District taxes be increased \$100,000 annually, or by such lesser annual amount as may be necessary to pay the district's debt: such debt to consist of general obligation bonds, special assessment bonds, revenue bonds, or other obligations, including contracts, issued or incurred for the purpose of paying, reimbursing, or financing all or any part of the costs of acquiring, constructing, relocating, installing, completing, repairing, replacing and otherwise providing, within or without the boundaries of the district, street improvements including but not limited to curbs, gutters, culverts, other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements, and extensions of and improvements to said facilities, such debt to bear interest at a net effective interest rate not in excess of 10% per annum, such interest to be payable at such time or times and which may compound periodically as may be determined by the district board of directors, such debt to be sold in one series or more at a price above, below, or equal to the principal amount of such debt and on such terms and conditions as the district board of directors may determine, including provisions for redemption of the debt prior to maturity with or without payment of premium in an

amount determined by the district board of directors, such debt to be paid from any legally available moneys of the district, including but not limited to the proceeds of ad valorem property taxes, specific ownership taxes and special assessments; such taxes to consist of an ad valorem mill levy imposed on all taxable property of the district, without limitation of rate or with such limitations as may be determined by the district board of directors, specific ownership taxes and special assessments, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used solely for the purpose of paying the principal of, premium if any, and interest on the district's debt; and shall the proceeds of any such debt and the proceeds of such taxes, any other revenue used to pay such debt, and investment income thereon, be collected and spent by the district as a voter-approved revenue change, and be collected and spent by the district each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado revised statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 8, 2022, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District debt be increased \$500,000, with a repayment cost of \$700,000; such debt to consist of a loan payable from property taxes as previously approved by the electors of the district; such taxes to consist of an ad valorem mill levy not to exceed three years of up to 20 mills imposed on all taxable property of the district in years 2023, 2024 and 2025, to be used solely for the purpose of paying the principal of, premium if any, and interest on the district's debt and to pay all or any part of the costs of completing, and otherwise providing, within or without the boundaries of the district, fire mitigation programs and improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements, and extensions of and improvements to said facilities and programs; and shall the proceeds of any such debt and the proceeds of such taxes, be collected and spent by the district as a voter-approved revenue change, without regard to any spending, revenue-raising, or other limitation contained within article x, section 20 of the Colorado constitution, the limits imposed on increases in property taxation by section 29-1-301, Colorado Revised Statutes, or any other law which purports to limit the district's revenues or expenditures, as currently exists or as may be amended in the future, all without limiting in any year the amount of other revenues that may be collected and spent by the district?

On November 8, 2022, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased to \$295,000 in 2023, resetting the property tax base established in 2012, and for each subsequent year by that amount plus an adjustment for inflation and local growth (increased subsequent amount), the increased subsequent amount for a year being determined by adding the prior year's increased subsequent amount plus compounding annual inflation and local growth (calculated using DLG Form 53, as amended or replaced); such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the district board, and in amounts sufficient to produce the increased subsequent amount set forth above or such lesser amount as may be determined by the district board; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue change in 2023 and each year thereafter and be collected and spent by the district each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado Revised Statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 8, 2022, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased \$33,000 in the first fiscal year (2023) and annually thereafter in such amounts as are received each year by the imposition of an additional mill levy not to exceed 5 mills upon taxable real property within the district, commencing with tax collection year 2023, and continuing each year thereafter, to build a general fund reserve of \$500,000 and to maintain said reserve, such revenues to be collected, retained and spent for the purpose of funding the district's reserve fund for maintenance and improvement projects and any other lawful district purposes, and shall the district be permitted to collect, retain and expend all property tax revenues derived from its entire property tax mill levy as voter-approved revenue change and an exception to limits which would otherwise apply under article x, section 20 of the Colorado constitution, section 29-1-301, Colorado Revised Statutes, or any other applicable law?

On November 8, 2022, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased \$36,741 in 2023, for one year only, such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the district board, and in an amount sufficient to produce said revenues set forth above or such lesser amount as may be determined by the district board for the following purpose: acquisition and construction of mailroom within the boundaries of the district; and shall the proceeds of such taxes and investment income thereon constitute a voter-approved revenue change in 2023, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado Revised Statutes, or any other applicable law?

On November 8, 2022, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased \$26,030 in 2023, for one year only, such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the district board, and in an amount sufficient to produce said revenues set forth above or such lesser amount as may be determined by the district board for the following purposes: acquisition and construction of enhanced wildlife protected trash enclosures, as may be determined by the district board; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue change in 2023, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado Revised Statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

WILLOW BROOK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
PROPRIETARY FUND
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes - SRF loan	\$ 131,099	\$ 131,099	\$ -
Property taxes - Mail boxes	26,030	-	(26,030)
Property taxes - Trash enclosure	36,741	-	(36,741)
Property taxes - Fuel reduction loan	54,259	54,259	-
Specific ownership taxes	12,500	10,547	(1,953)
Grants	-	38,119	38,119
Interest	-	153	153
Miscellaneous	-	172	172
Project reserve fee	49,500	47,250	(2,250)
Service charges	125,618	86,763	(38,855)
Total revenues	<u>435,747</u>	<u>368,362</u>	<u>(67,385)</u>
EXPENDITURES			
General:			
County treasurer fees	12,406	9,275	3,131
Easement	-	10,000	(10,000)
Maintenance contract	30,900	31,833	(933)
Repairs and maintenance	32,130	10,592	21,538
Ranch manager salary and benefits	24,275	24,121	154
Utilities	200	257	(57)
Water billing	15,000	13,033	1,967
Water testing	2,500	1,931	569
Debt service:			
Promissory notes principal	120,000	67,531	52,469
Promissory notes interest	15,647	37,849	(22,202)
Loan principal	74,909	50,000	24,909
Loan interest	38,660	10,616	28,044
Capital outlay:			
Mail box project	36,741	-	36,741
Trash enclosure improvements	26,030	-	26,030
GWUDI assessment	16,000	28,713	(12,713)
Meter installation	30,000	-	30,000
Replace piping inside filing 1 well vault	15,000	16,571	(1,571)
Total expenditures	<u>490,398</u>	<u>312,322</u>	<u>178,076</u>
NET CHANGE IN FUNDS AVAILABLE	(54,651)	56,040	110,691
FUNDS AVAILABLE - BEGINNING OF YEAR	165,151	198,862	33,711
FUNDS AVAILABLE - END OF YEAR	<u>\$ 110,500</u>	<u>\$ 254,902</u>	<u>\$ 144,402</u>

Funds available is computed as follows:

Current assets	\$ 475,395
Current liabilities and deferred inflows of resources	(220,493)
	<u>\$ 254,902</u>

**WILLOW BROOK METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2023**

Revenues (budgetary basis)	\$ 368,362
Expenses and Change in Net Position	
Revenues and transfers per Statement of Revenues, Expenses and Change in Net Position	368,362
Expenditures (budgetary basis)	312,322
Depreciation	91,678
Capital outlay	(45,284)
Accrued interest payable	(1,190)
Notes and loan principal	(117,531)
Expenses per Statement of Revenues, Expenses and Change in Net Position	239,995
Change in Net Position per Statement of Revenues, Expenses and Change in Net Position	\$ 128,367

OTHER INFORMATION

WILLOW BROOK METROPOLITAN DISTRICT
SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023

\$1,529,666 CWRPDA Loan
Dated April 24, 2019
Principal and Interest Due May 1 and November 1
Interest Rate of 2.5%

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 65,819	\$ 31,519	\$ 97,338
2025	67,474	29,864	97,338
2026	69,172	28,166	97,338
2027	70,912	26,426	97,338
2028	72,696	24,642	97,338
2029	74,524	22,815	97,339
2030	76,399	20,939	97,338
2031	78,321	19,018	97,339
2032	80,291	17,047	97,338
2033	82,311	15,028	97,339
2034	84,382	12,956	97,338
2035	86,505	10,834	97,339
2036	88,681	8,657	97,338
2037	90,912	6,427	97,339
2038	93,199	4,139	97,338
2039	95,543	1,796	97,339
	<u>\$ 1,277,141</u>	<u>\$ 280,273</u>	<u>\$ 1,557,414</u>

\$550,000 Taxable Promissory Note
Dated May 28, 2020
Interest Due June 1 and December 1
Interest Rate of 4.0%

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 55,000	\$ 13,200	\$ 68,200
2025	55,000	11,000	66,000
2026	55,000	8,800	63,800
2027	55,000	6,600	61,600
2028	55,000	4,400	59,400
2029	55,000	2,200	57,200
	<u>\$ 330,000</u>	<u>\$ 46,200</u>	<u>\$ 376,200</u>

\$150,000 Taxable Promissory Note
Dated December 8, 2022
Principal and Interest Due June 30 and December 31
Interest Rate of 7.13%

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 50,000	\$ 6,239	\$ 56,239
2025	50,000	2,674	52,674
	<u>\$ 100,000</u>	<u>\$ 8,913</u>	<u>\$ 108,913</u>

\$120,000 Equipment Lease
Dated June 23, 2023
Principal and Interest Due June 30 and December 1
Interest Rate of 2.5%

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 60,000	\$ 3,000	\$ 63,000
	<u>\$ 60,000</u>	<u>\$ 3,000</u>	<u>\$ 63,000</u>

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

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2015	\$ 5,006,590	62.130	\$ 311,059	\$ 311,061	100.00%
2016	\$ 5,500,670	61.840	\$ 340,161	\$ 340,163	100.00%
2017	\$ 5,504,220	61.840	\$ 340,381	\$ 369,565	108.57%
2018	\$ 5,447,350	62.400	\$ 339,915	\$ 310,730	91.41%
2019	\$ 5,425,330	81.883	\$ 444,242	\$ 444,240	100.00%
2020	\$ 5,920,950	93.642	\$ 554,449	\$ 520,643	93.90%
2021	\$ 5,825,620	82.156	\$ 478,609	\$ 477,775	99.83%
2022	\$ 6,637,710	78.726	\$ 522,559	\$ 525,012	100.47%
2023	\$ 6,782,390	93.455	\$ 633,848	\$ 633,848	100.00%
Estimated for the year ending December 31, 2024	\$ 10,574,190	63.122	\$ 667,464		

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.