

**BENNETT CROSSING METROPOLITAN
DISTRICT NO. 1
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
Bennett Crossing Metropolitan District No. 1
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bennett Crossing Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bennett Crossing Metropolitan District No. 1 as of December 31, 2023, and the respective changes in financial position 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 (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 (GAAP), 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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 13, 2024

BASIC FINANCIAL STATEMENTS

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 37,978
Cash and Investments - Restricted	2,009,232
Due from Other Districts	518
Property Tax Receivable	668,095
Receivable from County Treasurer	2,915
Total Assets	<u>2,718,738</u>
LIABILITIES	
Accounts Payable	6,239
Accrued Interest	62,883
Noncurrent Liabilities:	
Due in More Than One Year	<u>15,532,186</u>
Total Liabilities	<u>15,601,308</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>668,095</u>
Total Deferred Inflows of Resources	<u>668,095</u>
NET POSITION	
Restricted for:	
Emergency Reserve	3,400
Debt Service	1,945,337
Net Position - Unrestricted	<u>(15,499,402)</u>
Total Net Position	<u><u>\$ (13,550,665)</u></u>

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Total Governmental Funds
Cash and Investments	\$ 37,978	\$ -	\$ 37,978
Cash and Investments - Restricted	3,400	2,005,832	2,009,232
Receivable from County Treasurer	526	2,389	2,915
Due from District No. 2	495	-	495
Due from District No. 3	23	-	23
Property Tax Receivable	120,470	547,625	668,095
Total Assets	\$ 162,892	\$ 2,555,846	\$ 2,718,738
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 6,239	\$ -	\$ 6,239
Total Liabilities	6,239	-	6,239
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	120,470	547,625	668,095
Total Deferred Inflows of Resources	120,470	547,625	668,095
FUND BALANCES			
Restricted for:			
Emergency Reserves	3,400	-	3,400
Debt Service	-	2,008,221	2,008,221
Unassigned	32,783	-	32,783
Total Fund Balances	36,183	2,008,221	2,044,404
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 162,892	\$ 2,555,846	

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

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

Accrued Interest	(62,883)
Bonds Payable	(12,320,000)
Developer Advance Payable	(3,212,186)

Net Position of Governmental Activities	\$ (13,550,665)
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See accompanying Notes to Basic Financial Statements.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 85,271	\$ 426,460	\$ 511,731
Specific Ownership Taxes	6,358	28,904	35,262
BRI Tax	8,532	-	8,532
Transfer from District No. 3	4,400	-	4,400
Interest Income	5,914	111,652	117,566
Total Revenues	110,475	567,016	677,491
EXPENDITURES			
Current:			
Accounting	28,006	-	28,006
Auditing	5,500	-	5,500
County Treasurer's Fee	1,278	6,393	7,671
County Treasurer's Fees - BRI	128	-	128
Dues and Membership	750	-	750
Election	2,784	-	2,784
Insurance	2,571	-	2,571
Legal	15,351	-	15,351
Miscellaneous	25	-	25
Payment to Town	8,404	-	8,404
Debt Service:			
Bond Interest	-	754,600	754,600
Paying Agent Fees	-	4,000	4,000
Total Expenditures	64,797	764,993	829,790
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,678	(197,977)	(152,299)
OTHER FINANCING SOURCES (USES)			
Developer advance - interest expense	(75,000)	-	(75,000)
Total Other Financing Uses	(75,000)	-	(75,000)
NET CHANGE IN FUND BALANCES	(29,322)	(197,977)	(227,299)
Fund Balances - Beginning of Year	65,505	2,206,198	2,271,703
FUND BALANCES - END OF YEAR	\$ 36,183	\$ 2,008,221	\$ 2,044,404

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (227,299)

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

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

Accrued Interest Payable Developer Advance - Change in Liability (114,747)

Changes in Net Position of Governmental Activities \$ (342,046)

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 85,234	\$ 85,271	\$ 85,271	\$ -
Specific Ownership Taxes	6,563	5,952	6,358	406
Interest Income	1,000	4,000	5,914	1,914
BRI Tax	8,519	8,532	8,532	-
Transfer from District No. 3	4,403	4,391	4,400	9
Total Revenues	<u>105,719</u>	<u>108,146</u>	<u>110,475</u>	<u>2,329</u>
EXPENDITURES				
Accounting	25,000	28,000	28,006	(6)
Auditing	5,000	5,500	5,500	-
Banking Fees	50	-	-	-
Contingency	1,352	3,086	-	3,086
County Treasurer's Fee	1,279	1,278	1,278	-
County Treasurer's Fees - BRI	128	128	128	-
Dues and Membership	800	750	750	-
Election	3,000	2,783	2,784	(1)
Insurance	2,500	2,571	2,571	-
Landscaping	2,500	2,500	-	2,500
Legal	20,000	20,000	15,351	4,649
Miscellaneous	-	-	25	(25)
Payment to Town	8,391	8,404	8,404	-
Total Expenditures	<u>70,000</u>	<u>75,000</u>	<u>64,797</u>	<u>10,203</u>
EXCESS OF REVENUES OVER EXPENDITURES	35,719	33,146	45,678	12,532
OTHER FINANCING SOURCES (USES)				
Developer Advance - Interest Expense	(75,000)	(75,000)	(75,000)	-
Total Other Financing Uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(39,281)	(41,854)	(29,322)	12,532
Fund Balance - Beginning of Year	<u>68,041</u>	<u>65,505</u>	<u>65,505</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 28,760</u>	<u>\$ 23,651</u>	<u>\$ 36,183</u>	<u>\$ 12,532</u>

See accompanying Notes to Basic Financial Statements.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Bennett Crossing Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Adams County on December 2, 2015 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised statutes). The District's service area is located entirely within the Town of Bennett, Adams County, Colorado.

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment and operations and maintenance of public improvements, including the provision of water, sewer, storm drainage, street, traffic and safety, and park and recreation facilities programs and services.

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.

The District has no employees, and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

Pooled Cash

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

All capital assets have been conveyed to other governmental entities.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 37,978
Cash and Investments - Restricted	2,009,232
Total Cash and Investments	\$ 2,047,210

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

Deposits with Financial Institutions	\$ 9,117
Investments	2,038,093
Total Cash and Investments	\$ 2,047,210

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$9,117.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE (which are recorded at amortized cost), and COLOTRUST (which are recorded at net asset value).

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Morgan Stanley Institutional Liquidity Fund - Government	Weighted-Average Less Than 41 Days	\$ 1,779,430
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	258,663
Total		<u>\$ 2,038,093</u>

Morgan Stanley Institutional Fund – Government

Trust accounts at UMB Corporate Trust Services (UMB) are invested in the Morgan Stanley Institutional Liquidity Fund – Government (MSILF Govt). This portfolio is an institutional mutual fund which invests in repurchase agreements, U.S. Government Agency debt, and U.S. Treasury debt with maturities of 41 days or less. The MSILF Govt is rated AAAM by Standard and Poor’s and is not measured at fair value.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

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

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Limited Tax Bonds, Series 2020A	\$ 12,320,000	\$ -	\$ -	\$ 12,320,000	\$ -
Subtotal Bonds Payable	<u>12,320,000</u>	<u>-</u>	<u>-</u>	<u>12,320,000</u>	<u>-</u>
Other Debts					
Developer Advance - Capital	2,710,667	-	-	2,710,667	-
Accrued Interest on:					
Developer Advance - Capital	386,772	189,747	75,000	501,519	-
Subtotal Other Debts	<u>3,097,439</u>	<u>189,747</u>	<u>75,000</u>	<u>3,212,186</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 15,417,439</u>	<u>\$ 189,747</u>	<u>\$ 75,000</u>	<u>\$ 15,532,186</u>	<u>\$ -</u>

General Obligation Limited Tax Bonds, Series 2020A(3), dated May 19, 2020

Bond Proceeds

The District issued the Bonds on May 19, 2020, in the par amount of \$12,320,000. Proceeds from the sale of the Bonds were used to: (a) finance or reimburse a portion of the costs of acquiring, constructing, and/or installing certain public improvements related to the development; (b) pay capitalized interest on the Bonds; (c) fund an initial deposit to the Surplus Fund; and (d) pay costs of issuance of the Bonds.

Bonds Details

The Bonds bear interest at 6.125% per annum and are payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Bonds mature on December 1, 2049.

To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until the earlier of its payment or the Termination Date of December 2, 2060, and shall continue to bear interest at the rate then borne by the Bonds. To the extent interest on any Bonds is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bonds.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2020A(3), dated May 19, 2020
(Continued)

Bonds Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2025, to May 31, 2026	3.00%
June 1, 2026, to May 31, 2027	2.00
June 1, 2027, to May 31, 2028	1.00
June 1, 2028, and thereafter	0.00

Bonds Pledged Revenue

The Bonds are secured by Pledged Revenue which means: (a) the Required Mill Levy; (b) the Capital Fees, if any; (c) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

“Capital Fees” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District. Capital Fees does not include any fee imposed solely for the purpose of funding operations and maintenance expenses. The District does not currently impose Capital Fees.

Required Mill Levy

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount sufficient to pay the Bonds when due, but (i) not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2016) and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will pay the Bonds when due, and will fund the Surplus Fund up to the Maximum Surplus Amount.

Additional Security for Bonds

The Bonds are additionally secured by capitalized interest which was funded from proceeds of the Bonds in the amount of \$2,263,800 and by amounts, if any, in the Surplus Fund.

Except for the Initial Deposit from proceeds of the Bonds in the amount of \$1,232,000, Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$2,464,000. Subject to the receipt of sufficient Pledged Revenue, the Surplus Fund is to be maintained for so long as any Bonds are outstanding.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Limited Tax Bonds, Series 2020A(3), dated May 19, 2020
(Continued)**

Additional Security for Bonds (Continued)

The balance in the Surplus Fund as of December 31, 2023, was \$1,304,696.

Bonds Debt Service

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

<u>Year Ending December 31,</u>	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 754,600	\$ 754,600
2025	-	754,600	754,600
2026	-	754,600	754,600
2027	-	754,600	754,600
2028	20,000	754,600	774,600
2029-2033	535,000	3,719,713	4,254,713
2034-2038	1,500,000	3,446,843	4,946,843
2039-2043	2,860,000	2,833,731	5,693,731
2044-2048	4,905,000	1,725,719	6,630,719
2049	2,500,000	153,125	2,653,125
Total	<u>\$ 12,320,000</u>	<u>\$ 15,652,131</u>	<u>\$ 27,972,131</u>

Authorized Debt

On November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$405,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount Authorized on November 3, 2015</u>	<u>Authorization Used Series 2020 Bonds</u>	<u>Authorized But Unused</u>
Water	\$ 45,000,000	\$ 1,996,668	\$ 43,003,332
Sanitation/Stormwater	45,000,000	3,136,805	41,863,195
Streets	45,000,000	6,927,307	38,072,693
Parks and Recreation	45,000,000	259,220	44,740,780
Public Transportation	45,000,000	-	45,000,000
Mosquito Control	45,000,000	-	45,000,000
Safety Protection	45,000,000	-	45,000,000
Operation and Maintenance	45,000,000	-	45,000,000
Debt Refunding	45,000,000	-	45,000,000
Total	<u>\$ 405,000,000</u>	<u>\$ 12,320,000</u>	<u>\$ 392,680,000</u>

Pursuant to the Service Plan, the District, together with Bennett Crossing Metropolitan District No. 2 and Bennett Crossing Metropolitan District No. 3 is permitted to issue bond indebtedness of up to \$33,000,000 for District public improvements and up to \$3,000,000 for Regional public improvements.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 NET POSITION

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

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 3,400
Debt Service Reserve	1,945,337
Total Restricted Net Position	\$ 1,948,737

The District has a deficit in unrestricted net position. The deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

NOTE 6 RELATED PARTY

The Developer of the property which constitutes the District is Gayeski Capital Equities, LLC. The majority of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

On January 19, 2016, the District entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs to repay advances made by the Developer, Gayeski Capital Equities, LLC for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 7%. As of December 31, 2023, there were no outstanding advances under the agreement.

On July 26, 2017, the District entered into an Infrastructure Acquisition Agreement to repay advances made by the Developer, Gayeski Capital Equities, LLC for the acquisition of public improvements. The District agreed to repay the Developer for such capital advances plus accrued interest at the rate of 7%. As of December 31, 2023, outstanding advances under the agreement total \$2,710,667 and accrued interest totaled \$501,519.

NOTE 7 AGREEMENTS

Pursuant to the Service Plan, the District shall impose a BRI (“Bennett Regional Improvement”) Mill Levy. The revenue from the BRI Mill Levy shall be conveyed to the Town for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the District.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Districts with property within their boundaries developed or proposed to be developed with any residential uses the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the BRI Master Plan, shall be: (i) one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20th) year; and (ii) five (5) mills from the twenty-first (21st) year through the fortieth (40th) year or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs; and (iii) for an additional ten (10) years thereafter, the mill levy shall be equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of the debt incurred for Public Improvements other than Regional Improvements. The District first imposed the BRI Mill Levy in the 2021 collection year.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

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.

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 426,187	\$ 426,460	\$ 273
Specific Ownership Taxes	29,833	28,904	(929)
Interest Income	40,000	111,652	71,652
Total Revenues	<u>496,020</u>	<u>567,016</u>	<u>70,996</u>
EXPENDITURES			
County Treasurer's Fee	6,393	6,393	-
Paying Agent Fees	4,000	4,000	-
Bond Interest	754,600	754,600	-
Contingency	2,007	-	2,007
Total Expenditures	<u>767,000</u>	<u>764,993</u>	<u>2,007</u>
NET CHANGE IN FUND BALANCE	(270,980)	(197,977)	73,003
Fund Balance - Beginning of Year	<u>2,166,255</u>	<u>2,206,198</u>	<u>39,943</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,895,275</u></u>	<u><u>\$ 2,008,221</u></u>	<u><u>\$ 112,946</u></u>

OTHER INFORMATION

BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Assessed Valuation	Total Mills Levied				Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	BRI	Total	Levied	Collected	
2019	\$ 1,115,420	55.277	-	-	55.277	\$ 61,657	\$ 61,658	100.00 %
2020	3,137,600	55.664	-	-	55.664	174,651	174,651	100.00 %
2021	3,729,950	11.132	55.664	1.113	67.909	253,297	253,040	99.90 %
2022	6,494,480	11.132	55.664	1.113	67.909	440,965	443,856	100.66 %
2023	7,453,170	11.436	57.182	1.143	69.761	519,940	520,263	100.06 %
Estimated for Year Ending December 31, 2024	\$ 8,224,940	13.316	66.581	1.331	81.228	\$ 668,095		

Note:
Property taxes collected in any one year include collection of delinquent property

Source: Adams County Assessor and Treasurer.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	\$12,320,000 General Obligation Limited Tax Bonds, Series 2020A Dated May 19, 2020 Principal Due December 1 Interest Rate 6.125% Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2024	\$ -	\$ 754,600	\$ 754,600
2025	-	754,600	754,600
2026	-	754,600	754,600
2027	-	754,600	754,600
2028	20,000	754,600	774,600
2029	40,000	753,375	793,375
2030	90,000	750,925	840,925
2031	95,000	745,413	840,413
2032	150,000	739,594	889,594
2033	160,000	730,406	890,406
2034	225,000	720,606	945,606
2035	235,000	706,825	941,825
2036	310,000	692,430	1,002,430
2037	325,000	673,444	998,444
2038	405,000	653,538	1,058,538
2039	430,000	628,730	1,058,730
2040	525,000	602,394	1,127,394
2041	555,000	570,238	1,125,238
2042	655,000	536,244	1,191,244
2043	695,000	496,125	1,191,125
2044	810,000	453,556	1,263,556
2045	860,000	403,944	1,263,944
2046	990,000	351,269	1,341,269
2047	1,050,000	290,631	1,340,631
2048	1,195,000	226,319	1,421,319
2049	2,500,000	153,125	2,653,125
Total	\$ 12,320,000	\$ 15,652,131	\$ 27,972,131