

WILLOW BEND METROPOLITAN DISTRICT

THORNTON, COLORADO



FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2024

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BINDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Willow Bend Metropolitan District

Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Willow Bend Metropolitan District (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and 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 combining and individual nonmajor fund financial statements are 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 identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any 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.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado
July 16, 2025

WILLOW BEND METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 96,941
Cash and investments – restricted	2,000,828
Accounts receivable – specific ownership taxes	5,364
Interfund receivable	16,374
Property taxes receivable	1,670,800
Prepaid expenses	2,671
Total Assets	3,792,978
LIABILITIES	
Accounts payable and accrued liabilities	5,077
Interfund payable	16,374
Accrued interest payable	1,860,738
Bond premium	585,787
Current portion of general obligation refunding bonds	205,000
General obligation refunding bonds	21,660,000
Total Liabilities	24,332,976
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	1,670,800
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	4,300
Debt service	1,985,030
Non-spendable	2,671
Unassigned:	(24,202,799)
Net Position (Deficit)	\$ (22,210,798)

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

WILLOW BEND METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General government activities	\$ (76,043)	\$ -	\$ -	\$ -	\$ (76,043)
Interest and related costs on long-term debt	<u>(1,285,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,285,654)</u>
	<u>\$ (1,361,697)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,361,697)</u>
General Revenues					
					1,431,839
					68,056
					113,469
					<u>1,613,364</u>
					251,667
					<u>(22,462,465)</u>
					<u>\$ (22,210,798)</u>

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

**WILLOW BEND METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Debt Service Fund	Total Government Funds
ASSETS			
Cash and investments	\$ 96,941	\$ -	\$ 96,941
Cash and investments - Restricted	4,300	1,996,528	2,000,828
Accounts receivable - specific ownership tax	488	4,876	5,364
Interfund receivable	16,374	-	16,374
Property taxes receivable	151,900	1,518,900	1,670,800
Prepaid expenses	2,671	-	2,671
TOTAL ASSETS	\$ 272,674	\$ 3,520,304	\$ 3,792,978
LIABILITIES			
Accounts payable and accrued liabilities	\$ 5,077	\$ -	\$ 5,077
Interfund payable	-	16,374	16,374
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	151,900	1,518,900	1,670,800
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	4,300	-	4,300
Debt service	-	1,985,030	1,985,030
Non-spendable	2,671	-	2,671
Unrestricted	108,726	-	108,726
TOTAL FUND BALANCES	115,697	1,985,030	2,100,727
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 272,674	\$ 3,520,304	
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:			
General obligation bonds			(21,865,000)
Accrued interest payable			(1,860,738)
Bond Premium			(585,787)
Net position of governmental activities			\$ (22,210,798)

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

WILLOW BEND METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2024

	General Fund	Debt Service Fund	Total Government Funds
REVENUES			
Property taxes	\$ 130,165	\$ 1,301,674	\$ 1,431,839
Specific ownership taxes	6,187	61,869	68,056
Net investment income	24,596	88,873	113,469
Other income	-	-	-
Total Revenues	160,948	1,452,416	1,613,364
EXPENDITURES			
General and administration	76,043	-	76,043
Debt service			
Direct and indirect collection costs	-	29,051	29,051
Interest Expense - series 2017 bonds	-	822,750	822,750
Principal - series 2017 bonds	-	135,000	135,000
Total Expenditures	76,043	986,801	1,062,844
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	84,905	465,615	550,520
OTHER FINANCING SOURCES (USES)			
Fund Transfers In / (Out)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	84,905	465,615	550,520
FUND BALANCES – BEGINNING	30,792	1,519,415	1,550,207
FUND BALANCES – END OF YEAR	\$ 115,697	\$ 1,985,030	\$ 2,100,727

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

**WILLOW BEND METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2024**

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	\$	550,520
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Bonds - principal payments		135,000
<p>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.</p>		
Amortization of Series 2019 bond premium		(34,542)
Change in accrued interest on debt		(468,395)
Changes in net position of governmental activities	\$	182,583

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

**WILLOW BEND METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 129,696	\$ 130,165	\$ 469
Specific ownership taxes	9,079	6,187	(2,892)
Net investment income	2,000	24,596	22,596
Other income	-	-	-
Total Revenues	140,775	160,948	20,173
EXPENDITURES			
General and administration	100,000	76,043	23,957
Total Expenditures	100,000	76,043	23,957
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,775	84,905	44,130
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	40,775	84,905	44,130
FUND BALANCE – BEGINNING OF YEAR	29,774	30,792	1,018
FUND BALANCE – END OF YEAR	\$ 70,549	\$ 115,697	\$ 45,148

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

**WILLOW BEND METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 44,000	\$ 49,835	\$ (5,835)
Administrative costs	2,000	4,389	(2,389)
Audit fees	5,000	5,200	(200)
Collection fees – County Treasurer	1,945	1,955	(10)
Board of Directors’ fees	-	-	-
Board election costs	10,000	-	10,000
Insurance	3,500	-	3,500
Legal fees	30,000	14,664	15,336
Contingency	3,555	-	3,555
Total General and Administration	<u>\$ 100,000</u>	<u>\$ 76,043</u>	<u>\$ 23,957</u>

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

WILLOW BEND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2024

NOTE 1 – DEFINITION OF REPORTING ENTITY

Willow Bend Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 22, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Thornton (City) in August 2013 and amended with City approval on February 27, 2018. The District's service area encompasses 494 single family homes located within the Willow Bend subdivision, which is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain various open spaces within the District (not otherwise owned and maintained by the City), (2) maintain perimeter fencing, and (3) provide covenant enforcement and architectural review 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 organizations 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 organizations 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 has no employees and all operations and administrative functions are contracted.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are 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.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function

These notes are an integral part of the accompanying financial statements.

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

The District reports the following major governmental funds:

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

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

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

Budgets

In accordance with Colorado State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The 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.

Pooled Cash and Investments

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

These notes are an integral part of the accompanying financial statements.

Investments are carried at net asset value.

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2024, the District's share of Specific ownership taxes was equal to approximately 4.4% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For 2024, the District allocated indirect collection costs between its general fund (100% cost allocation) and its debt fund (0% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

These notes are an integral part of the accompanying financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2024 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and
- 3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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: non-spendable, 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:

These notes are an integral part of the accompanying financial statements.

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a 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 a fund balance that does not meet any of the criteria described above.

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

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 96,941
Cash and investments – restricted	<u>2,000,828</u>
Total cash and investments	<u>\$ 2,097,769</u>

Cash and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	\$ 5,270
Investments	<u>2,092,499</u>
Total cash and investments	<u>\$ 2,097,769</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 maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

These notes are an integral part of the accompanying financial statements.

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, 2024, the District's cash held at financial institutions had a bank and carrying balance of \$5,270.

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 listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

As of December 31, 2024, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 2,092,499
	Total	\$ 2,092,499

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and

These notes are an integral part of the accompanying financial statements.

each share is equal in value to \$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. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAMmf by Fitch Group.

NOTE 4 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
Series 2019A G.O. Bonds	\$ 16,455,000	\$ -	(\$ 135,000)	\$ 16,320,000	\$ 205,000
Accrued Interest – Series 2019A G.O. Bonds	68,563	822,750	(822,750)	68,563	-
Series 2019B G.O. Bonds	2,266,000	-	-	2,266,000	-
Accrued Interest – Series 2019B G.O. Bonds	866,633	238,865	-	1,105,498	-
Series 2019C Second Sub Bonds	3,279,000	-	-	3,279,000	-
Accrued Interest – Series 2019C Junior Lien Bonds	457,147	229,530	-	686,677	-
Total	\$ 23,392,343	\$ 1,291,145	(\$ 957,750)	\$ 23,725,738	\$ 205,000

Details regarding the District's long-term obligations are as follows:

Series 20219A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On August 08, 2019, the District issued \$16,455,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds). The stated interest rate on the Senior Bonds is 5.000%, and the Bonds are payable semi-annually on June 1 and December 1, beginning on December 01, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 01, 2024. The Senior Bonds mature on December 01, 2049. In the event any amounts due and owing on the Senior Bonds remain outstanding on December 01, 2059, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 17,224,361
Less:	
Capitalized interest costs	(1,903,752)
Funds restricted for the Senior Reserve Fund	(1,294,000)
Underwriter's discount	(329,100)
Legal, accounting and other costs of issuance	(247,262)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 13,450,247

These notes are an integral part of the accompanying financial statements.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees; and
- d) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Amounts on deposit in the Senior Reserve Fund and, prior to the Conversion Date, amounts on deposit in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be first accumulated in the Senior Reserve Fund up to \$1,294,000 (“Required Reserve”) and second accumulated in the Senior Surplus Fund up to \$1,645,500 (“Maximum Surplus Amount”).

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on September 01, 2024, 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:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
Sept. 01, 2024, to August 31, 2025	3.0%	\$ 489,600
Sept. 01, 2025, to August 31, 2026	2.0%	\$ 322,300
Sept. 01, 2026, to August 31, 2027	1.0%	\$ 158,800
Sept. 01, 2027, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	Principal	Interest	Total
2025	\$ 205,000	\$ 816,000	\$ 1,021,000
2026	235,000	805,750	1,040,750
2027	250,000	794,000	1,044,000
2028	280,000	781,500	1,061,500
2029	295,000	767,500	1,062,500
2030-2034	1,925,000	3,586,000	5,511,000
2035-2039	2,755,000	3,026,250	5,781,250
2040-2044	3,845,000	2,233,750	6,078,750
2045-2049	6,530,000	1,140,250	7,670,250
Total	\$ 16,320,000	\$ 13,951,000	\$ 30,271,000

The District’s detail debt service schedule for its Senior Bonds is provided on page 26.

Series 2019B Subordinate Limited Tax G.O. Bonds (Subordinate Bonds)

On August 08, 2019, the District issued \$2,266,000 Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds). The stated interest rate on the Subordinate Bonds is 7.625% per annum, and the Bonds are payable annually on December 15, beginning December 15, 2019, from, and to the extent of, Subordinate Pledged

These notes are an integral part of the accompanying financial statements.

Revenue available, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 15, 2059, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the Subordinate Bonds were used as follows:

Bond proceeds	\$ 2,266,000
Less:	
Underwriter's discount	(67,980)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 2,198,020

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fees;
- d) any amounts in the Senior Surplus Fund upon the termination of such fund pursuant to the terms of the Senior Indenture; and
- e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Under the Subordinate Indenture, any amounts in the Senior Surplus Fund (which is funded up to the Maximum Surplus Amount) upon termination of such fund are pledged to the payment of the Subordinate Bonds.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on June 01, 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:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
Sept. 01, 2024, to August 31, 2025	3.0%	\$ 67,980
Sept. 01, 2025, to August 31, 2026	2.0%	\$ 45,320
Sept. 01, 2026, to August 31, 2027	1.0%	\$ 22,660
Sept. 01, 2027, and thereafter	0.0%	\$ -

Per the 2019 Financial Forecast included with the Subordinate Bond Offering document, the Subordinate Bonds are projected to be repaid in full by December 15, 2049. Interest payments per the 2019 Financial Forecast totaled \$7,434,778, **which equates to a projected annual net effective interest rate of 10.7%**. Per the TABOR elections held on November 05, 2013, the eligible voters within the District approved the issuance of debt with a net effective interest rate that cannot exceed 18%.

These notes are an integral part of the accompanying financial statements.

Events of Default – Series 2019A and 2019B G.O. Bonds

The following events are considered events of default under the Series 2019A and 2019B G.O. Bonds indenture of trust: (1) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District fails to pay the principal or interest on the Bonds when due, (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Series 2020C Junior Lien Bonds (Junior Lien Bonds)

On July 17, 2019, the District authorized the issuance of up to \$3,279,000 Taxable Junior Lien Limited General Obligation Bonds, Series 2019C (“Junior Lien Bonds”). The Junior Lien Bonds accrue interest at a simple interest rate of 7.000%. Interest is payable annually on December 15, beginning December 15, 2019, from, and to the extent of, Junior Lien Pledged Revenue is available, if any. On January 22, 2022, the District issued \$3,279,000 in Junior Lien Bonds to Lennar Colorado, LLC – the employer of four of five directors on the District’s Board at the time the Junior Lien Bonds were authorized and issued.

The Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Junior Lien Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the Junior Lien Bonds until the Subordinate Bonds, and to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations, have been paid in full or defeased.

The Junior Lien Bonds are secured by and payable from Junior Lien Pledged Revenue, net of any costs of collection, which includes:

- a) all Junior Lien Property Taxes (generated by the imposition of the Junior Lien Required Mill Levy);
- b) all Junior Lien Specific Ownership Taxes (attributable to the Junior Lien Required Mill Levy);
- c) all Junior Lien Capital Fee revenue; and
- d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

The Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2024, 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:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2024, to Dec 14, 2025	3.0%	\$ 98,370
December 15, 2025, to Dec 14, 2026	2.0%	\$ 65,580
December 15, 2026, to Dec 14, 2027	1.0%	\$ 32,790
December 15, 2027 and thereafter	0.0%	\$ -

These notes are an integral part of the accompanying financial statements.

Events of Default – Series 2020C Junior Lien Bonds

The following events are considered events of default under the Second Subordinate Bonds indenture of trust: (1) the District fails or refuses to impose the Junior Lien Required Mill Levy or to apply the Junior Lien Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Junior Lien Indenture or the Junior Lien Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Junior Lien Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Junior Lien Bonds. Failure to pay the principal of or interest on the Junior Lien Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Junior Lien Bonds is not an available remedy for an Event of Default.

Debt Authorization

Debt Authorization – Service Plan

The District’s Amended and Restated Service Plan, which was approved by the City of Thornton on February 27, 2018, authorizes the District to issue up to \$22 million in debt over a term not to exceed 40 years. The repayment of the District’s debt can exceed 40 years if the majority of the District’s Board are residents of the District and the District’s Board has voted in favor of refunding a part or all of the District’s debt (which must result in a net present value savings).

The District’s Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2004. As of January 1, 2004, the ratio was 7.96%. The ratio for 2024 was 6.70%, which caused the District’s Maximum Mill Levy for debt service for 2024 to be 59.403.

As of December 31, 2024, total remaining debt issuance authorization under the District’s Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 22,000,000
Less:	
2019A Senior Bonds	(16,455,000)
2019B Subordinate Bonds	(2,266,000)
2019C Junior Lien Bonds	(3,279,000)
Remaining borrowing authority under the service plan limit as of Dec. 31, 2024	\$ -

These notes are an integral part of the accompanying financial statements.

Debt Authorization – TABOR

On November 05, 2013, the District's authorized the issuance of indebtedness in an amount not to exceed \$148,500,000 for infrastructure improvements at an interest rate not to exceed 18% and \$16,500,000 for refunding the District's debt.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov 2013 Election	Series 2019A Bonds	Series 2019B Bonds	Series 2019C Bonds	Total Voter Authorization
Street improvements	\$ 16,500,000	\$10,007,000	\$ 1,378,000	\$ 3,279,000	\$ 1,836,000
Park and recreational facilities	16,500,000	-	-	-	16,500,000
Sanitation facilities	16,500,000	4,570,000	629,000	-	11,301,000
Water supply facilities	16,500,000	1,878,000	259,000	-	14,363,000
Public transportation facilities	16,500,000	-	-	-	16,500,000
Mosquito control facilities	16,500,000	-	-	-	16,500,000
Safety protection facilities	16,500,000	-	-	-	16,500,000
Fire protection facilities	16,500,000	-	-	-	16,500,000
TV relay and translation	16,500,000	-	-	-	16,500,000
Subtotal	148,500,000	16,455,000	2,266,000	3,279,000	126,500,000
Refunding of debt	16,500,000	-	-	-	16,500,000
Total	\$165,000,000	\$16,455,000	\$ 2,266,000	\$3,279,000	\$143,000,000

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors will expire in November 2033 – 20 years after the original debt authorization election.

NOTE 5 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with Lennar Colorado, LLC (the Developer). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner ("Commissioner"). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. These contingent obligation agreements are not transferrable to third parties. The contingent obligations of the District contemplated in these agreement identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2024:

Funding and Reimbursement Agreement (FRA). Pursuant to the Funding and Reimbursement Agreement entered into on July 17, 2019 between the District and the Developer, the Developer agreed to provide funds to the District to fund operations and maintenance costs of the District through December 31, 2022. Funds received from the Developer may be repaid by the District at the sole discretion of the District's board. Funds received from the Developer but not yet repaid to the Developer under the FRA accrues simple interest at 7% per annum. On July 17, 2039, any funds received from the Developer plus accrued interest that remains outstanding is forgiven in its entirety and will be deemed a contribution to the District by the Developer.

These notes are an integral part of the accompanying financial statements.

For the 12-month period ending December 31, 2024, changes in funding and accrued interest under the FRA are as follows:

	Balance as of 12/31/2023	Additions	Deletions	Balance as of 12/31/2024
Funding/advances	\$ 48,957	\$ -	\$ -	\$ 48,957
Accrued Interest	7,033	3,427	-	10,460
Total	\$ 55,990	\$ 3,427	\$ -	\$ 59,417

Infrastructure Acquisition Agreement (IAA). Pursuant to the Infrastructure Acquisition Agreement entered into on July 17, 2019 between the District and the Developer, the Developer agreed to construct and install certain public improvements within the District and the District agreed to subsidize the Developer’s construction costs. The District agreed to pay for such acquired public improvements at the Developer’s reported construction cost. The cost of public infrastructure acquired by the District but not paid to the Developer will accrue simple interest at 7% from the date such costs are accepted. Subsidies paid by the District to the Developer under the IAA are subject to annual appropriation by the District. On July 17, 2039, the District will no longer be obligated to consider annually whether to appropriate any subsidies to the Developer and any claims the Developer may have under the IAA are forever discharged.

For the 12-month period ending December 31, 2024, changes in funding and accrued interest under the IAA are as follows:

	Balance as of 12/31/2023	Additions	Deletions	Balance as of 12/31/2024
Funding/advances	\$ 7,287,410	\$ -	\$ -	\$ 7,287,410
Accrued Interest	1,358,524	510,119	-	1,868,643
Total	\$ 8,645,934	\$ 510,119	\$ -	\$ 9,156,053

NOTE 6 – NET POSITION (DEFICIT)

Correction of Beginning Balances

Between 2016 and 2023, the District incorrectly recognized as liabilities amounts claimed by the Developer under the FRA and the IAA. These contingent obligation agreements are subject to annual appropriation by the District and are not a multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The District's beginning net position (deficit) has been restated to reflect the removal of amounts accrued under these contingent obligation agreements from the liability section of the District’s Statement of Net Position.

The effects from these adjustments are as follows:

Net deficit - December 31, 2023, as originally stated	(\$ 31,164,389)
Correct improper treatment of agreements with Developer as liabilities	8,701,924
Net deficit - December 31, 2023, as restated	(\$ 22,462,465)

These notes are an integral part of the accompanying financial statements.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2024 in the general fund and debt service fund totaled \$2,671 and \$0, respectively. These balances were created due to the District prepaying certain 2025 expenses in 2024.

Restricted Net Position

The District's restricted net position as of December 31, 2024 in the general fund and debt service fund totaled \$4,300 and \$1,985,030, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2019 Bonds.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled (\$24,277,153). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Thornton and the District.

NOTE 7 – RELATED PARTIES

For the 12-month period ended December 31, 2024, all directors serving on the District's 5-member Board reported no conflicts of interest related to their service on the Board. Beginning in May 2023, the majority of directors on the District's Board was comprised of individuals who had no conflicts of interest regarding their service as directors on the Board.

When the District approved the issuance of the Senior Bonds and the Subordinate Bonds (totaling \$18,721,000) in 2019, all directors on the District's Board was comprised of individuals who were employees of the Developer and qualified to serve on the Board through land purchase option contracts with the Developer. All of the proceeds from such bonds, net of financing costs, was remitted to the Developer to subsidize the Developer's gross construction costs under the IAA.

Issuance of the Junior Lien Bonds was approved by the District's board in 2022 when four of five such directors were employees of Lennar Colorado, LLC (Developer). The Junior Lien Bonds are owned by the Developer and the District board attempted (without appropriating such bond proceeds at a public budget hearing) to use the bond proceeds to pay \$3,279,000 in subsidies to the Developer under the IAA.

NOTE 8 – 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). 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.

These notes are an integral part of the accompanying financial statements.

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

NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution—referred to 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.

On November 05, 2013, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

NOTE 10 – SUBSEQUENT EVENTS

In July 2025, the District notified the Developer (owner of the Junior Lien Bonds) that the District will be considering how to budget for and appropriate funds from the issuance of the Junior Lien Bonds. Options the Board will consider include: 1) appropriating the bond proceeds towards payment of Lennar claims made under the IAA; 2) appropriating the bond proceeds for other capital projects identified by the District (which would require Lennar to transfer \$3,279,000 in cash to the District); 3) returning the bond proceeds to the Developer for the purpose of cancelling the Junior Lien Bonds and increasing the Developer's claims under the IAA by \$3,279,000; and (4) changing some or all of the terms underlying the District's current debt refinancing proposal. The Developer has not yet responded to this notice.

SUPPLEMENTARY INFORMATION

**WILLOW BEND METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 1,296,982	\$ 1,301,674	\$ 4,692
Specific ownership taxes	90,789	61,869	(28,920)
Net investment income	68,000	88,873	20,873
Total Revenues	1,455,771	1,452,416	(3,355)
EXPENDITURES			
Direct and indirect collection costs	29,250	29,051	199
Debt service			
Interest Expense - Series 2019A Bonds	822,750	822,750	-
Bond principal – 2019A Series Bonds	135,000	135,000	-
Total Expenditures	987,000	986,801	199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	468,771	465,615	(3,156)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	468,771	465,615	(3,156)
FUND BALANCE – BEGINNING	1,517,228	1,519,415	2,187
FUND BALANCE – END OF YEAR	\$ 1,985,999	\$ 1,985,030	\$ (969)

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

**WILLOW BEND METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 19,455	\$ 19,551	\$ (96)
Indirect Collection Cost Allocation	-	-	-
Bond paying agent fees	9,500	9,500	-
Miscellaneous	295	-	295
Total Direct and Indirect Collection Costs	\$ 29,250	\$ 29,051	\$ 199

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

WILLOW BEND METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2024

The District's repayment schedule for its Series 2019A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	\$ 205,000	\$ 816,000	5.00%	\$ 1,021,000
2026	235,000	805,750	5.00%	1,040,750
2027	250,000	794,000	5.00%	1,044,000
2028	280,000	781,500	5.00%	1,061,500
2029	295,000	767,500	5.00%	1,062,500
2030	330,000	752,750	5.00%	1,082,750
2031	350,000	736,250	5.00%	1,086,250
2032	390,000	718,750	5.00%	1,108,750
2033	405,000	699,250	5.00%	1,104,250
2034	450,000	679,000	5.00%	1,129,000
2035	470,000	656,500	5.00%	1,126,500
2036	520,000	633,000	5.00%	1,153,000
2037	545,000	607,000	5.00%	1,152,000
2038	595,000	579,750	5.00%	1,174,750
2039	625,000	550,000	5.00%	1,175,000
2040	680,000	518,750	5.00%	1,198,750
2041	710,000	484,750	5.00%	1,194,750
2042	770,000	449,250	5.00%	1,219,250
2043	810,000	410,750	5.00%	1,220,750
2044	875,000	370,250	5.00%	1,245,250
2045	920,000	326,500	5.00%	1,246,500
2046	990,000	280,500	5.00%	1,270,500
2047	1,040,000	231,000	5.00%	1,271,000
2048	1,115,000	179,000	5.00%	1,294,000
2049	2,465,000	123,250	5.00%	2,588,250
	<u>\$ 16,320,000</u>	<u>\$ 13,951,000</u>		<u>\$ 30,271,000</u>

The original face value of these bonds totaled \$16,455,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2020B Subordinate Bonds and the Series 2020C Junior Lien Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

WILLOW BEND METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2019	2,126,170	65.278	-	138,792	138,793	100.0%
2020	3,411,270	5.000	55.663	206,938	206,940	100.0%
2021	6,482,750	5.000	55.664	393,270	380,708	96.8%
2022	7,931,770	5.000	55.664	481,173	535,685	111.3%
2023	11,439,510	8.500	55.184	728,514	712,695	97.8%
2024	20,541,040	6.314	63.141	1,426,280	1,431,839	100.0%
2025	23,849,900	6.368	63.687	1,670,805	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

WILLOW BEND METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2024

	2023 Mill Levy *	2024 Mill Levy **	Change
Adams County	26.835	26.944	0.109
Rangeview Library District	3.653	3.667	0.014
Regional Transportation District	-	-	-
School District 27J-Brighton	56.290	56.644	0.354
Thornton	10.210	10.210	-
Urban Drainage and Flood Control District	0.900	0.900	-
Urban Drainage South Platte	0.100	0.100	-
Willow Bend Metro District	69.455	70.055	0.600
Total Mill Levy	167.443	168.520	1.077

* -- For property tax collections in 2024

** -- For property tax collections in 2025

WILLOW BEND METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2024

	2020	2021	2022	2023	2024
General Obligation Bonds	\$ 18,721,000	\$ 18,721,000	\$ 22,000,000	\$ 22,000,000	\$ 21,865,000
Accrued interest	315,434	507,040	940,963	1,392,343	1,860,738
Restricted cash	(\$2,367,500)	(\$1,908,242)	(\$1,617,878)	(\$1,515,879)	(\$1,996,528)
Combined assessed property values within the District	\$ 6,482,750	\$ 7,931,770	\$ 11,439,510	\$ 20,541,040	\$ 23,849,900
Ratio of debt to assessed property values	257.1%	218.4%	186.4%	106.5%	91.1%