

TREVENNA METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditors' Report

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Independent Auditors' Report

Board of Directors
Trevenna Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Trevenna 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 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 the District as of December 31, 2024, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Management has omitted 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 listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Tatton and Company, LLC

Cedaredge, CO
September 7, 2025

TREVENNA METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 3,490	\$ -	\$ -	\$ 3,490	\$ -	\$ 3,490
Cash and investments - restricted	3,393	1,411,611	4,896,474	6,311,478	-	6,311,478
Property taxes receivable	81	-	-	81	-	81
Due from other funds	3,809	-	-	3,809	(3,809)	-
Due from others	-	-	13,094	13,094	-	13,094
Capital assets not being depreciation	-	-	-	-	2,387,156	2,387,156
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,773</u>	<u>\$ 1,411,611</u>	<u>\$ 4,909,568</u>	<u>\$ 6,331,952</u>	<u>2,383,347</u>	<u>8,715,299</u>
LIABILITIES						
Accounts payable	\$ 4,390	\$ -	\$ 723,891	\$ 728,281	\$ -	\$ 728,281
Retainage payable	-	-	108,593	108,593	-	108,593
Accrued interest on bonds/long-term debt	-	-	-	-	26,618	26,618
Due to other funds	-	-	3,809	3,809	(3,809)	-
Long-term liabilities:						
Due in more than one year	-	-	-	-	8,501,541	8,501,541
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,390</u>	<u>-</u>	<u>836,293</u>	<u>840,683</u>	<u>8,524,350</u>	<u>9,365,033</u>
DEFERRED INFLOW OF RESOURCES						
Deferred property taxes	81	-	-	81	-	81
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>81</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>-</u>	<u>81</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	3,393	-	-	3,393	(3,393)	-
Debt Service	-	1,411,611	-	1,411,611	(1,411,611)	-
Capital	-	-	4,073,275	4,073,275	-	4,073,275
Unassigned	2,909	-	-	2,909	(2,909)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>6,302</u>	<u>1,411,611</u>	<u>4,073,275</u>	<u>5,491,188</u>	<u>(1,417,913)</u>	<u>4,073,275</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances						
	<u>\$ 10,773</u>	<u>\$ 1,411,611</u>	<u>\$ 4,909,568</u>	<u>\$ 6,331,952</u>		
Net Position:						
Restricted for:						
Emergencies					3,393	3,393
Debt service					1,384,993	1,384,993
Unrestricted					<u>(2,038,201)</u>	<u>(2,038,201)</u>
					<u> </u>	<u> </u>
Total Net Position					<u>\$ (649,815)</u>	<u>\$ (649,815)</u>

The notes to the financial statements are an integral part of these statements.

TREVENNA METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
General expenses:						
Insurance	\$ 717	\$ -	\$ -	\$ 717	\$ -	\$ 717
Legal	32,825	-	-	32,825	-	32,825
Management and accounting services	3,273	-	-	3,273	-	3,273
Miscellaneous expenses	483	-	-	483	-	483
Bond issuance costs	-	-	494,702	494,702	-	494,702
Capital expenses:						
Capital outlay	-	-	2,364,840	2,364,840	(2,364,840)	-
Engineering	-	-	22,316	22,316	(22,316)	-
Debt service:						
Bond interest expense	-	27,505	-	27,505	44,195	71,700
Developer advances - Interest	-	-	-	-	36,167	36,167
Total Expenditures	<u>37,298</u>	<u>27,505</u>	<u>2,881,858</u>	<u>2,946,661</u>	<u>(2,306,794)</u>	<u>639,867</u>
GENERAL REVENUES						
Interest income	<u>30</u>	<u>4,991</u>	<u>16,302</u>	<u>21,323</u>	<u>-</u>	<u>21,323</u>
Total General Revenues	<u>30</u>	<u>4,991</u>	<u>16,302</u>	<u>21,323</u>	<u>-</u>	<u>21,323</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,268)	(22,514)	(2,865,556)	(2,925,338)	2,306,794	(618,544)
OTHER FINANCING SOURCES (USES)						
Developer advances	49,581	-	1,563,956	1,613,537	(1,613,537)	-
Bond proceeds	<u>-</u>	<u>1,434,125</u>	<u>5,374,875</u>	<u>6,809,000</u>	<u>(6,809,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>49,581</u>	<u>1,434,125</u>	<u>6,938,831</u>	<u>8,422,537</u>	<u>(8,422,537)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	12,313	1,411,611	4,073,275	5,497,199	(5,497,199)	
CHANGE IN NET POSITION					(618,544)	(618,544)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>(6,011)</u>	<u>-</u>	<u>-</u>	<u>(6,011)</u>	<u>(25,260)</u>	<u>(31,271)</u>
END OF YEAR	<u>\$ 6,302</u>	<u>\$ 1,411,611</u>	<u>\$ 4,073,275</u>	<u>\$ 5,491,188</u>	<u>\$ (6,141,003)</u>	<u>\$ (649,815)</u>

The notes to the financial statements are an integral part of these statements.

TREVENNA METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-
GENERAL FUND

For the Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 30	\$ 30
Total Revenues	-	30	30
EXPENDITURES			
Insurance	650	717	(67)
Legal	30,000	32,825	(2,825)
Management and accounting services	5,500	3,273	2,227
Miscellaneous expenses	500	483	17
Contingency	10,000	-	10,000
Total Expenditures	46,650	37,298	9,352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(46,650)	(37,268)	9,382
OTHER FINANCING SOURCES (USES)			
Developer advances	49,000	49,581	581
Total Other Financing Sources (Uses)	49,000	49,581	581
NET CHANGE IN FUND BALANCE	2,350	12,313	9,963
FUND BALANCE:			
BEGINNING OF YEAR	8,674	(6,011)	(14,685)
END OF YEAR	\$ 11,024	\$ 6,302	\$ (4,722)

The notes to the financial statements are an integral part of these statements.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Trevenna Metropolitan District ("the District"), located in Weld County, Colorado, (the "County"), conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized January 20, 2023, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act and pursuant to the Service Plan for the District (the "Service Plan") approved by the Town of Windsor (the "Town") on July 11, 2022. The District was established to finance and construct certain public infrastructure that benefit the taxpayers and residents of the District. The District's primary revenues is interest income. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows GASB Statement No. 61, The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Budgetary Accounting

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

On September 18, 2025, the District amended its total appropriations in the Debt Service Fund from \$0 to \$27,505 primarily due to the issuance of Debt by the District.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of December 31, 2024, the District has no items that qualify for reporting in this category.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2024.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,393 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$ 1,411,611 is restricted for the payment of the costs associated with the Series 2024A and Series 2024B(3) Bonds. (See Note 4)

The restricted fund balance in the Capital Projects Fund in the amount of \$4,073,275 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and investments

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

Statement of net position:	
Cash and investments	\$ 3,490
Cash and investments – restricted	<u>6,311,478</u>
	<u>\$ 6,314,968</u>

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

Deposits with financial institutions	\$ 6,883
Investments - Invesco	<u>6,308,085</u>
	<u>\$ 6,314,968</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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; Level 3 inputs are significant unobservable inputs. The District's investment, is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value (NAV) per share.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Invesco Treasury Portfolio

The District's funds that were included in the trust accounts at BOK were invested in the Invesco Treasury Portfolio ("Invesco"). Morgan Stanley is a money market fund and each share is equal in value to \$1.00. All investments within Invesco are recorded at fair value and the District records its investment in Invesco at NAV. Invesco is AAAM rated and invests primarily in short-term, high-credit-quality money market instrument which are direct obligations of the US Treasury and repurchase agreements back by Treasury obligations. The maturity of the underlying securities is 21 days or less. As of December 31, 2024, the District has \$6,308,085 invested in Morgan Stanley.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Note 3: Capital Assets

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>
<u>Capital assets not being depreciated:</u>				
Construction in Progress	\$ -	\$ 2,387,156	\$ -	\$ 2,387,156
Total capital assets not being depreciated	-	2,387,156	-	2,387,156
 Government type assets	 \$ -	 \$ 2,387,156	 \$ -	 \$ 2,387,156

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2024:

	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>	<u>Current</u> <u>Portion</u>
<u>General Obligation Bonds</u>					
General Obligation Bonds Series 2024A	\$ -	\$ 5,555,000	\$ -	\$ 5,555,000	\$ -
General Obligation Bonds Series 2024B(3)	-	1,254,000	-	1,254,000	-
General Obligation Bonds Series 2024B(3) - Accrued Interest	-	17,577	-	17,577	-
Total	-	6,826,577	-	6,826,577	-
<u>Other</u>					
Developer Advances - Operations	25,000	49,581	-	74,581	-
Developer Advances - Operations - Accrued Interest	260	2,154	-	2,414	-
Developer Advances - Capital	-	1,563,956	-	1,563,956	-
Developer Advances - Capital - Accrued Interest	-	34,013	-	34,013	-
Total	25,260	1,649,704	-	1,674,964	-
	<u>\$ 25,260</u>	<u>\$ 8,476,281</u>	<u>\$ -</u>	<u>\$ 8,501,541</u>	<u>\$ -</u>

A description of the long-term obligations as of December 31, 2024, is as follows:

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Limited Tax General Obligation Bonds, Series 2024A

On October 31, 2024, the District issued \$5,555,000 of Limited Tax General Obligation Bonds Series 2024A (the "Series 2024A Bonds"). The Series 2024A Bonds were issued for the purpose of paying costs of public improvements, funding an initial deposit to the surplus fund in the amount of \$475,000, funding the capitalized interest fund in the amount of \$959,125, and paying the costs of issuance. The Series 2024A Bonds mature on December 1, 2054 and bear an annual interest rate of 5.75% calculated on the basis of a 360- day year of twelve 30-day months, payable to the extent of pledged revenue available, semiannually on each June 1 and December 1, commencing on December 1, 2024. The Bonds discharge on December 2, 2055.

The Series 2024A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2029 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2029 and any date thereafter, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%.

The Series 2024A Bonds are secured by pledged revenues which include property tax revenue, specific ownership tax revenue and other legally available moneys which the District determines, in its absolute discretion, to credit the Senior Bond Fund. In connection with the Series 2024A Bonds, the District is required to fund a Surplus Fund in the maximum amount of \$1,111,000, which \$475,000 was funded upon issuance. As of December 31, 2024, the Surplus Fund has a balance of \$476,630. The Senior Required Mill Levy shall not be more than 34 mills, adjusted for changes in the method of calculating assessed valuations, however, as long as the amount on deposit in the Surplus Fund is less than the maximum surplus amount, the required mill levy shall be 34 mills, adjusted for changes in the method of calculating assessed valuations.

Events of default as defined in the Series 2024A Bond Indenture are 1) the District fails or refuses to impose the Senior Require Mill Levy or to apply the Senior Pledged Revenue as required by the Series 2024A Bond Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions in the Series 2024A Bond Indenture or bond resolution, and fails to remedy the same after notice thereof pursuant to the Series 2024A Bond Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2024A Bonds. The failure to pay the principal and interest on the Series 2024A Bonds when due shall not, of itself, constitute a Senior Indenture Event of Default.

In the event of default, the trustee shall have the following remedies 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2024A Bonds is not an available remedy for a Senior Indenture Event of Default.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

The following is a summary of the annual long-term debt principal and interest requirement for the Series 2024A Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 319,413	\$ 319,413
2026	-	319,413	319,413
2027	-	319,413	319,413
2028	-	319,413	319,413
2029	20,000	319,413	339,413
2030-2034	370,000	1,553,077	1,923,077
2035-2039	590,000	1,423,414	2,013,414
2040-2044	900,000	1,219,577	2,119,577
2045-2049	1,315,000	916,264	2,231,264
2050-2054	<u>2,360,000</u>	<u>476,101</u>	<u>2,836,101</u>
	<u>\$ 5,555,000</u>	<u>\$ 7,185,498</u>	<u>\$ 12,740,498</u>

Subordinate Limited Tax General Obligation Bonds, Series 2024B(3)

On October 31, 2024, the District issued \$1,254,000 of Subordinate Limited Tax General Obligation Bonds Series 2024B(3) (the "Series 2024B(3) Bonds"). The Series 2024B(3) Bonds were issued for the purpose of paying the costs of public improvements and paying the costs of issuance. The Series 2024B(3) Bonds mature on December 15, 2049 and bear an annual interest rate of 8.25% calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of subordinate pledged revenue available, annually on each December 15, commencing on December 15, 2024. Accrued unpaid interest will compound annually on each interest payment date. The Series 2024B(3) Bonds discharge on December 16, 2055.

The Series 2024B(3) Bonds are subject to a mandatory sinking fund redemption commencing on December 15, 2024, from subordinate pledged revenue, if any, on deposit in the subordinate mandatory redemption account as determined by the Trustee 45 days prior to the applicable mandatory redemption date. Amounts shall be applied first to interest and then to principal after accrued interest has been paid.

The Series 2024B(3) Bonds are subject to redemption prior to maturity, on December 1, 2029, and on any other date thereafter, at the option of the District, as a whole or in integral multiples of \$1,000, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%.

The Series 2024B(3) Bonds are secured by subordinate pledged revenues which include subordinate property tax revenue, subordinate specific ownership tax revenue, and other legally available moneys which the District determines, in its absolute discretion, to credit to the subordinate bond fund. The subordinate mill levy is 34 mills less the senior required mill levy or lesser amount to generate sufficient funds to pay the Series 2024B(3) Bonds in full.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Events of default as defined in the Series 2024B(3) Bond Indenture are 1) the District fails or refuses to impose the subordinate required mill levy or to apply the subordinate pledged revenue as required by the Series 2024B(3) Indenture, 2) the default by the District in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Series 2024B(3) Bond Indenture or the bond resolution, and fails to remedy the same after notice thereof as provided in the Series 2024B(3) Bond Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2024B(3) Bonds. The failure to pay the principal and interest on the Series 2024B(3) Bonds will not, of itself, constitute a Subordinate Indenture event of default.

In the event of default, the trustee shall have the following remedies 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2024B(3) Bonds is not an available remedy for an event of default.

Due to the uncertainty of the timing of principal and interest payments on the Series 2024B(3) Bonds, a schedule of the estimated timing of these payments is not available.

Junior Lien Limited Tax General Obligation Bonds Series 2024C(3)

On October 31, 2024, the District issued the Junior Lien Limited Tax General Obligation Bonds (the “Series 2024C(3) Bonds”). The Series 2024C(3) Bonds were issued to secure future advances of the landowners to the District and are draw down bonds with the ability be drawn down up to a maximum amount of \$461,0000. The Series 2024C(3) Bonds bear interest at the rate of 7.00%, payable annually on December 15, commencing on December 15, 2024, to the extent that junior lien pledged revenue is available and mature on December 15, 2024. The Series 2024C(3) Bonds are secured by the junior lien pledged revenue including the junior lien required mill levy (as defined in the Indenture of Trust for the Series 2024C(3) Bonds or the “Series 2024C(3) Indenture”), specific ownership taxes attributable to the District’s junior lien required mill levy and any other legally available moneys that the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund. As of December 31, 2024, no amounts have been drawn down on the Series 2024C(3) Bonds.

The Series 2024C(3) Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Junior Lien Pledged Revenue for payment. In the event any amounts due and owing on the Series 2024C(3) Bonds remain outstanding on December 16, 2055, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Series 2024C(3) Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on any date, upon payment of par and accrued interest, with no redemption premium.

Due to the uncertainty of the timing of the principal and interest on the Series 2024C(3) Bonds, a schedule of the estimated timing of these payments is not available.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Events of default as defined in the 2024C(3) Indenture are 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 Series 2024C(3) Indenture, 2) the default by the District in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Series 2024C(3) Indenture or the bond resolution, and fails to remedy the same after notice thereof as provided in the Series 2024C(3) Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2024C(3) Bonds.

In the event of default, the trustee shall have the following remedies 1) receivership, 2) suit for judgment, and 3) mandamus or other suits.

In accordance with the Series 2024C(3) Indenture, due to the limited nature of the Junior Lien Pledged Revenue, the District failure to pay the principal or interest on the Bonds when due, shall not, of itself, constitute an event of default. Acceleration of the Series 2024C(3) Bonds is not to be an available remedy for an Event of Default.

Funding and Reimbursement Agreement (Operations and Maintenance)

On February 15, 2023, the District and WNDSR15, LLC (the "Developer") entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the "O&M"), which set forth the rights, obligations and procedures for the funding of Operations & Maintenance Costs ("O&M Costs") and for the District to reimburse the Developer for such costs. The Developer agrees to advance to the District one or more sums of money, not to exceed the aggregate of \$50,000 per annum for two years (the "Annual Loan Cap"), up to \$100,000 (the "Maximum Loan Amount"). The funds should be loaned to the District in one or a series of installments and shall be available to the District through December 31, 2024 (the "Loan Obligation Termination Date"). Thereafter, the Loan Obligation Termination Date will automatically extend for additional 1 year terms unless the Developer provides written notice to the District of termination at least thirty days prior to December 31st of each year. Upon each automatic one year extension of the Loan Obligation Termination Date, the Developer agrees to advance the District one or more sums of money up to the Annual Loan Cap, and the Maximum Loan Amount shall be automatically increased upon each one year extension by the Annual Loan Cap.

With respect to each advance made under the O&M prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 4% per annum, from the date any such advance is made, simple interest, to the earlier date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment in full of all interest then due and payable and the principal balance of amounts advanced to the District. Repayments of such advances will apply first to accrued and unpaid interest and second to principal. Upon issuance of a Reimbursement Obligation, unless otherwise consented to by the Developer, any interest then accrued on any previously advanced amount shall be added to the amount of the loan advance and reflected as principal of the Reimbursement Obligation, and shall thereafter accrue interest as provided in such Reimbursement Obligation.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The District intends to repay any advances made under the O&M to the extent that funds are available from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt service obligations or annual operations and maintenance costs of the District. Any mill levy certified by the District for the purpose of repaying advances made hereunder shall not exceed 20.000 mills and shall be further subject to any restrictions provided in the District's Service Plan, outstanding debt instruments, electoral authorization, or any applicable laws.

Subject to any limitations or restrictions contained in any loan or bond documents or other multi-fiscal-year instruments, upon request of the Developer, the District agreed to issue to or at the direction of the Developer one or more Reimbursement Obligations to evidence any repayment obligation of the District then existing with respect to advances made, and interest accrued, under the O&M. Such Reimbursement Obligations shall be payable solely from the sources identified in the Reimbursement Obligations, including, but not limited to, ad valorem property tax revenues of the District, and shall be secured by the District's pledge to apply such revenues as required thereunder, unless otherwise consented to by the Developer. Such Reimbursement Obligations shall mature on a date or dates, subject to the limitation set forth in the Maximum Reimbursement Obligation Repayment Term defined below, and bear interest at 4% per annum. The District and the Developer shall negotiate in good faith the final terms and conditions of the Reimbursement Obligations. The term for repayment of any Reimbursement Obligations issued under the OUM shall not extend beyond twenty (20) years from the date of the O&M ("Maximum Reimbursement Obligation Repayment Term").

The O&M evidences the District's good faith intent to repay the Developer for advances made in accordance with the terms of the O&M. However, the O&M shall not constitute a debt or indebtedness by the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple-fiscal-year financial obligation. Further, the provision for repayment of advances made under the O&M to issue Reimbursement Obligations shall be at all times subject to annual appropriation by the District, in its absolute discretion.

The District's obligations under the O&M shall terminate at the earlier of the repayment in full of the Maximum Loan Amount (or such lesser amount advanced hereunder if it is determined by the District that no further advances shall be required hereunder) and accrued interest or twenty (20) years from the execution date of the O&M. After twenty (20) years from the execution of the O&M, any obligation created by the O&M which remains due and outstanding under the O&M, including accrued interest, is forgiven in its entirety, generally and unconditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by the Developer, and there shall be no further obligation of the District to pay or reimburse the Developer with respect to such amounts. As of December 31, 2024, the District had \$74,581 of principal and accrued interest of \$2,414 outstanding under the O&M.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

Funding and Reimbursement Agreement (Capital Costs)

On August 5, 2023 the District and Trevenna Development, LLC (“Trevenna”) entered into a Funding and Reimbursement Agreement (Capital Costs), as amended on October 15, 2024, (the “FRA”), which set forth the rights, obligations and procedures for the funding of certain public improvements and for the District to reimburse Trevenna for such costs. Trevenna agrees to loan to the District one or more sums of money, not to exceed the aggregate of \$12,000,000 (the “Maximum Loan Amount”). The funds should be loaned to the District in one or a series of installments and shall be available to the District through December 31, 2025. Thereafter, the District and Trevenna may agree additional loans for additional periods by executing one or more addenda to the FRA.

With respect to each Advance made under the FRA prior to the issuance of any Reimbursement Obligations reflecting such Advance, the interest rate shall be Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity, published by Refinitiv at www.tn3.com, from the date any such advance is made, simple interest, adjusted quarterly, to the earlier of the date the Reimbursement Obligations are issued to evidence such Advance, or the date of repayment of such amount. Upon issuance of any such Reimbursement Obligations, unless otherwise consented to by Trevenna, any interest then accrued on any previously advanced amount shall be added to the amount of the loan and reflected as principal of the Reimbursement Obligations and shall thereafter accrue interest as provided in such Reimbursement Obligations. The provision for repayment of advances shall be at all times subject to annual appropriation by the District. At such time as the District issues Reimbursement Obligations to evidence an obligation to repay Advances, the repayment terms of such Reimbursement Obligations shall control and supersede any otherwise applicable provision of the FRA, except for the Maximum Reimbursement Obligation Repayment Term (as defined below).

Subject to the conditions as set forth in the FRA, upon request of Trevenna, the District agreed to issue to or at the direction of Trevenna one or more Reimbursement Obligations to evidence any repayment obligation of the District then existing with respect to Advances. Such Reimbursement Obligations shall be payable solely from the sources identified in the Reimbursement Obligations, including, but not limited to, ad valorem property tax revenues of the District, and shall be secured by the District's pledge to apply such revenues as required hereunder, unless otherwise consented to by Trevenna. Such Reimbursement Obligations shall mature on a date or dates, subject to the limitation set forth in the Maximum Reimbursement Obligation Repayment Term defined herein, and bear interest at a market rate, to be determined at the time of issuance of such Reimbursement Obligations. The District shall be permitted to prepay any Reimbursement Obligations, in whole or in part, at any time without redemption premium or other penalty, but with interest accrued to the date of prepayment on the principal amount prepaid. The District and Trevenna shall negotiate in good faith the final terms and conditions of the Reimbursement Obligations. The term for repayment of any Reimbursement Obligations issued under the FRA shall not extend beyond the maximum repayment term established in the Districts' Service Plan or any applicable electoral authorization ("Maximum Reimbursement Obligation Repayment Term").

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The District intends to repay Advances made under the FRA from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt service or current operations and maintenance costs of the District. Any mill levy certified by the District for the purpose of repaying advances made under the FRA shall be subject to any restrictions provided in the District's Service Plan, electoral authorization, or any applicable laws.

The FRA shall not constitute a debt or indebtedness by the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple-fiscal-year financial obligation. Further, the provision for repayment of Advances and the agreement to issue Reimbursement Obligations, shall be at all times subject to annual appropriation by the District, in its absolute discretion. The District's obligations hereunder shall terminate at the earlier of the repayment in full of the Maximum Loan Amount (or such lesser amount advanced under the FRA if it is determined by the District that no further Advances shall be required hereunder) or ten (10) years from the execution date hereof. After ten (10) years from the execution of the FRA, any obligation created by the FRA which remains due and outstanding under the FRA, including accrued interest, is forgiven in its entirety, generally and unconditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by Trevenna and there shall be no further obligation of the District to pay or reimburse Trevenna with respect to such amounts. These termination provisions shall not apply to the terms of any Reimbursement Obligations.

As of December 31, 2024, the District had \$1,563,956 of principal and accrued interest of \$34,013 outstanding under the FRA.

Infrastructure Acquisition and Reimbursement Agreement

On August 21, 2023, the District and Trevenna entered into an Infrastructure Acquisition and Reimbursement Agreement (the "IARA"), which set forth the rights, obligations and procedures for the acquisition of certain public improvements from Trevenna and the terms and conditions for the reimbursement of District Eligible Costs to Trevenna. Under the IARA, the District agrees to reimburse Trevenna for costs related to the acquisition, financing, planning, design, construction, and installation of Public Infrastructure that may be lawfully funded by the District under the Special District Act and the Service Plan (the "District Eligible Costs") and to acquire certain Public Infrastructure constructed by Trevenna, subject to the requirements and procedures set forth in the IARA.

In the event that the District has not secured financing in an amount sufficient to reimburse Trevenna under the IARA by December 31, 2028, then as soon as possible thereafter, the District, at the request of the Trevenna shall exercise commercially reasonable efforts to issue a promissory note or other privately placed debt instrument to Trevenna for the Certified District Eligible Costs which have not been previously reimbursed with the Proceeds (a "**Reimbursement Obligation**"). Notwithstanding the foregoing, the District may, in its sole discretion, make payments to Trevenna from available funds after the payment of the District's annual debt service, operations, maintenance and administrative expenses, subject to any Service Plan limits, electoral authorization, or debt instrument restriction or condition.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The obligations of the District under the IARA are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan.

With respect to any Certified Eligible Costs, excluding Payment Advances, such Certified Eligible Costs shall bear simple interest at a rate of the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity, published by Refinitiv at www.tn3.com, per annum, adjusted annually as of January 1, from the effective date of the related Acceptance Resolution. With respect to Payment Advances, simple interest shall be calculated as provided immediately above, but said interest shall begin to accrue on each Payment Advance from the date of deposit into the District's account or from the date of direct payment by Trevenna.

The District's obligations under the IARA shall terminate at the earlier of exhaustion of all amounts in the Project Funds or 20 years from the date of the IARA.

There are no amounts due under the IARA as of December 31, 2024.

Debt Authorization

As of December 31, 2024, the District had \$163,984,000 of voted but unissued debt for providing public improvements and \$9,730,000 of additional debt capacity under its current Service Plan limit. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. The District has not budgeted to issue any debt during 2025.

Note 5: Related Party

All of the members of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the "Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds, developer advances and accrued developer advance/bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

TREVENNA METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2024

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report bond proceeds and developer advances as revenue; and
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTARY INFORMATION

TREVENNA METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-
DEBT SERVICE FUND

For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Interest income	\$ -	\$ 5,000	\$ 4,991	\$ (9)
Total Revenues	-	5,000	4,991	(9)
EXPENDITURES				
Bond interest expense	-	27,505	27,505	-
Total Expenditures	-	27,505	27,505	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	(22,505)	(22,514)	(9)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	1,434,125	1,434,125	-
Total Other Financing Sources (L	-	1,434,125	1,434,125	-
NET CHANGE IN FUND BALANCE				
	-	1,411,620	1,411,611	(9)
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	\$ -	\$ 1,411,620	\$ 1,411,611	\$ (9)

TREVENNA METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ 16,302	\$ 16,302
Total Revenues	-	16,302	16,302
EXPENDITURES			
Capital outlay	14,500,000	2,364,840	12,135,160
Engineering	-	22,316	(22,316)
Bond issuance costs	-	494,702	(494,702)
Landscaping	500,000	-	500,000
Contingency	1,500,000	-	1,500,000
Total Expenditures	16,500,000	2,881,858	13,618,142
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,500,000)	(2,865,556)	13,634,444
OTHER FINANCING SOURCES (USES)			
Developer advances	16,500,000	1,563,956	(14,936,044)
Bond proceeds	-	5,374,875	5,374,875
Total Other Financing Sources (Uses)	16,500,000	6,938,831	(9,561,169)
NET CHANGE IN FUND BALANCE	-	4,073,275	4,073,275
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
END OF YEAR	\$ -	\$ 4,073,275	\$ 4,073,275