

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## ANNUAL REPORT

### FISCAL YEAR ENDING DECEMBER 31, 2022

Pursuant to § 32-1-207(3)(c), C.R.S., any special district created after July 1, 2000, shall file a special district annual report for the proceeding calendar year by October 1 of each year. For the year ending December 31, 2022, the District makes the following report:

(A) **Boundary changes made:**

There were no boundary changes made in 2022.

(B) **Intergovernmental agreements entered into or terminated with other governmental entities:**

The District did not entered into or terminate any intergovernmental agreements with other governmental entities in 2022.

(C) **Access information to obtain a copy of the rules and regulations adopted by the board:**

For a copy of the rules and regulations that may be adopted by the Board, please go to the District's website at: <https://www.htcmetro.com/home/>, or contact its legal counsel:

Seter & Vander Wall, P.C.  
7400 E Orchard Rd., Suite 3300  
Greenwood Village, CO 80111  
303.770.2700  
[svw@svwpc.com](mailto:svw@svwpc.com)

(D) **A summary of litigation involving public improvements owned by the special district:**

None.

(E) **The status of the construction of public improvements by the special district:**

The District has completed construction of all anticipated public improvements.

(F) **A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality:**

The District did not construct any facilities or public improvements during the report year that were conveyed or dedicated to Adams County or City of Thornton.

**(G) The final assessed valuation of the special district as of December 31 of the reporting year:**

The has received a certification of valuation from Adams County that reports a taxable assessed valuation for the District for 2022 of \$47,894,400, for collection in 2023. The District certified a mill levy of 66.322 mills to be assessed against the properties within the District.

**(H) A copy of the current year's budget:**

A copy of the 2023 adopted budget is attached as **Exhibit A**.

**(I) A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law," part 6 of article 1 of title 29, or the application for exemption from audit, as applicable:**

A copy of the 2022 Audit is attached as **Exhibit B**.

**(J) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district:**

The District is not aware of any uncured events of default, which continue beyond a 90-day period, under any debt instrument

**(K) Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period:**

None.

**EXHIBIT A**  
**2023 Budget**

**HERITAGE TODD CREEK METROPOLITAN DISTRICT**  
**2023**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2023 budget for the Heritage Todd Creek Metropolitan District.

The Heritage Todd Creek Metropolitan District has adopted two separate funds, a General Fund to provide for the payment of operating and maintenance expenditures; and a Debt Service Fund to provide for principal and interest payments on the outstanding general obligation bonds.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the district in 2023 will be assessments, property taxes, specific ownership taxes and development fees. The district intends to impose a 66.322 mill levy on the property within the district in 2023, of which 10.000 mills will be dedicated to the General Fund and the balance of 56.322 mills will be allocated to the Debt Service Fund.

**Heritage Todd Creek Metropolitan District**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2023**

	Actual	Adopted	Actual	Estimate	Adopted
	<u>2021</u>	<u>2022</u>	<u>7/31/2022</u>	<u>2022</u>	<u>2023</u>
Beginning fund balance	\$ 892,078	\$ 935,178	\$ 1,028,290	\$ 1,028,290	\$ 1,113,964
<b>Revenues:</b>					
Property taxes	416,921	463,610	436,577	450,000	478,944
Specific ownership taxes	34,007	37,872	18,983	36,000	33,526
Maintenance and Management Fees	622,808	804,825	445,733	804,825	792,000
Developer reimbursement	59,466	84,000	81,273	134,000	70,000
Builder fees	41,282	27,450	22,267	27,000	8,250
Working or Capital Contributions	69,440	45,000	35,280	50,000	49,280
Interest income	1,320	1,000	3,506	5,000	1,000
<b>Total revenues</b>	<u>1,245,244</u>	<u>1,463,757</u>	<u>1,043,619</u>	<u>1,506,825</u>	<u>1,433,000</u>
<b>Expenditures:</b>					
<b>Administrative</b>					
Legal	111,803	100,000	59,367	100,000	100,000
Election	-	35,000	18,668	25,000	35,000
Accounting / audit	19,968	28,000	16,036	28,000	28,000
Treasurer fees	6,264	7,031	6,552	6,750	7,261
Insurance	8,867	10,000	9,151	9,151	10,000
Managing agent	111,809	116,000	64,013	116,000	124,120
Access Control System/telephone	2,978	4,000	1,762	4,000	4,000
Administrative business supplies	48	3,500	5,064	5,500	5,000
Miscellaneous	15,154	5,000	1,318	3,000	3,000
Website	-	750	471	750	1,000
<b>Landscape- snow</b>					
Landscape maintenance/equipment	157,062	162,000	78,625	158,000	162,000
Landscape repair	17,777	20,000	12,893	20,000	20,000
Landscape refurbishment	-	150,000	140,792	150,000	170,000
Snow removal	228,734	250,000	163,632	250,000	253,000
Holiday lighting	2,640	10,000	3,650	10,000	10,000
Tree maintenance	58,486	60,000	28,770	70,000	72,000
Irrigation Repairs and Maintenance	50,321	50,000	33,939	100,000	50,000
Water/sewer	131,181	155,000	41,448	155,000	155,000
Storm water	113	1,000	115	500	1,000
Electricity	14,205	15,000	7,796	15,000	15,000
<b>Streets/engineering</b>					
Engineering	25,745	30,000	15,027	30,000	30,000
Electical Repairs/Supplies	2,179	3,000	2,765	5,500	3,000
Gate and wall maintenance	19,743	40,000	4,915	25,000	40,000
Fence painting/repairs	-	10,000	-	-	10,000
Street/sidewalk/curb repairs	123,955	175,000	-	125,000	150,000
Street sweeping	-	4,000	170	4,000	4,000
Traffic calming	-	10,000	-	5,000	20,000
<b>Other</b>					
Contingency	-	25,000	-	-	25,000
Landscape reserve	-	-	-	-	2,500
Replacement reserve	-	876,026	-	-	992,612
Emergency reserve (3%)	-	43,628	-	-	44,471
<b>Total expenditures</b>	<u>1,109,032</u>	<u>2,398,935</u>	<u>716,939</u>	<u>1,421,151</u>	<u>2,546,964</u>
Excess (deficiency) of revenues over expenditures	<u>136,212</u>	<u>(935,178)</u>	<u>326,680</u>	<u>85,674</u>	<u>(1,113,964)</u>
Ending fund balance	<u>\$ 1,028,290</u>	<u>\$ -</u>	<u>\$ 1,354,970</u>	<u>\$ 1,113,964</u>	<u>\$ -</u>
Assessed Valuation		<u>\$ 46,360,960</u>			<u>\$ 47,894,400</u>
Mill Levy		<u>10.000</u>			<u>10.000</u>

**Heritage Todd Creek Metropolitan District**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>7/31/2022</u>	Estimate <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 3,878,952	\$ 4,275,033	\$ 4,975,222	\$ 4,975,222	\$ 4,385,745
Revenues:					
Property taxes	2,294,064	2,550,965	2,402,222	2,488,000	2,697,508
Specific ownership taxes	187,118	208,392	104,451	200,000	218,650
Interest income/other	4,989	3,000	15,348	3,000	3,000
Development fees	662,139	-	-	-	-
Total revenues	<u>3,148,310</u>	<u>2,762,357</u>	<u>2,522,021</u>	<u>2,691,000</u>	<u>2,919,158</u>
Total funds available	<u>7,027,262</u>	<u>7,037,390</u>	<u>7,497,243</u>	<u>7,666,222</u>	<u>7,304,903</u>
Expenditures:					
Debt service - interest -2015	1,359,538	1,359,538	679,769	1,359,538	1,359,538
Debt service - interest -2020	230,537	213,119	106,560	213,119	202,113
Debt service -principal - 2020	425,000	442,000	-	442,000	453,000
Debt service -principal - 2015	-	-	-	-	95,000
Repay sub bonds interest and accrued interest	-	595,000	227,000	1,220,000	600,000
Treasurer fees	34,465	38,683	36,049	37,320	40,882
Paying agent fees	2,500	8,500	6,500	8,500	8,500
Total expenditures	<u>2,052,040</u>	<u>2,656,840</u>	<u>1,055,878</u>	<u>3,280,477</u>	<u>2,759,033</u>
Ending fund balance	<u>\$ 4,975,222</u>	<u>\$ 4,380,550</u>	<u>\$ 6,441,365</u>	<u>\$ 4,385,745</u>	<u>\$ 4,545,871</u>
Assessed Valuation		<u>\$ 46,360,960</u>			<u>\$ 47,894,400</u>
Mill Levy		<u>55.024</u>			<u>56.322</u>
Total Mill Levy		<u>65.024</u>			<u>66.322</u>

**EXHIBIT B**  
**2022 Audit**

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditors' Report



## C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	19
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	20



# HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Heritage Todd Creek Metropolitan District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, 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 Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 opinion.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hiratsuka & Associates, LLP*

September 29, 2023  
Wheat Ridge, Colorado

**HERITAGE TODD CREEK METROPOLITAN DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,403,979	\$ -	\$ 1,403,979	\$ -	\$ 1,403,979
Cash and investments - restricted	44,471	4,370,579	4,415,050	-	4,415,050
Property taxes receivable	478,944	2,697,508	3,176,452	-	3,176,452
Accounts receivable - fees	13,758	-	13,758	-	13,758
Inventory	528	-	528	-	528
Prepaid expenses	14,302	-	14,302	-	14,302
Capital assets, not being depreciated	-	-	-	10,359,303	10,359,303
Capital assets, net of depreciation	-	-	-	5,648,907	5,648,907
Total Assets	<u>1,955,982</u>	<u>7,068,087</u>	<u>9,024,069</u>	<u>16,008,210</u>	<u>25,032,279</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	-	68,100	68,100
Total Deferred Outflows of Resources	-	-	-	68,100	68,100
Total Assets and Deferred Outflows of Resources	<u>\$ 1,955,982</u>	<u>\$ 7,068,087</u>	<u>\$ 9,024,069</u>		
<b>LIABILITIES</b>					
Accounts payable	\$ 35,492	\$ -	\$ 35,492	-	35,492
Accounts payable- County	12,050	66,305	78,355	-	78,355
Accrued interest	-	-	-	1,592,021	1,592,021
Prepaid fees	155,622	-	155,622	-	155,622
Unclaimed Property	150	-	150	-	150
Retainage payable	5,784	-	5,784	-	5,784
Long-term liabilities					
Due within one year	-	-	-	548,000	548,000
Due in more than one year	-	-	-	57,430,501	57,430,501
Total Liabilities	<u>209,098</u>	<u>66,305</u>	<u>275,403</u>	<u>59,570,522</u>	<u>59,845,925</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred fees and reimbursements	-	-	-	-	-
Deferred property taxes	478,944	2,697,508	3,176,452	-	3,176,452
Total Deferred Inflows of Resources	<u>478,944</u>	<u>2,697,508</u>	<u>3,176,452</u>	-	<u>3,176,452</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	14,302	-	14,302	(14,302)	-
Inventory	528	-	528	(528)	-
Restricted:					
Emergencies	44,471	-	44,471	(44,471)	-
Debt service	-	4,304,274	4,304,274	(4,304,274)	-
Unassigned	<u>1,208,639</u>	-	<u>1,208,639</u>	<u>(1,208,639)</u>	-
Total Fund Balances	<u>1,267,940</u>	<u>4,304,274</u>	<u>5,572,214</u>	<u>(5,572,214)</u>	-
Fund Balances	<u>\$ 1,955,982</u>	<u>\$ 7,068,087</u>	<u>\$ 9,024,069</u>		
<b>NET POSITION</b>					
Restricted for:					
Emergencies				44,471	44,471
Debt service				2,712,253	2,712,253
Unrestricted				<u>(40,678,722)</u>	<u>(40,678,722)</u>
Total Net Position (Deficit)				<u>\$ (37,921,998)</u>	<u>\$ (37,921,998)</u>

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

**HERITAGE TODD CREEK METROPOLITAN DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
<b>Administrative</b>					
Legal	\$ 90,553	\$ -	\$ 90,553	\$ -	\$ 90,553
Elections	19,239	-	19,239	-	19,239
Accounting / audit	22,245	-	22,245	-	22,245
Treasurer's fees	6,587	36,245	42,832	-	42,832
Insurance	9,151	-	9,151	-	9,151
Managing Agent	109,791	-	109,791	-	109,791
Access Control/Security/Telephone	3,021	-	3,021	-	3,021
Administrative business supplies	6,089	-	6,089	-	6,089
Miscellaneous/Activities	6,988	-	6,988	-	6,988
Website	471	-	471	-	471
<b>Landscape - snow</b>					
Landscape maintenance/equipment	157,975	-	157,975	-	157,975
Landscape Repairs	15,418	-	15,418	-	15,418
Landscape Refurbishment	184,530	-	184,530	-	184,530
Snow Removal	247,902	-	247,902	-	247,902
Holiday Lighting	9,999	-	9,999	-	9,999
Tree Maintenance	52,140	-	52,140	-	52,140
Irrigation Repairs & Maintenance	57,002	-	57,002	-	57,002
Water/Sewer	130,522	-	130,522	-	130,522
Storm Water	144	-	144	-	144
Gas/Electric	13,749	-	13,749	-	13,749
<b>Streets/engineering</b>					
Engineering	27,437	-	27,437	-	27,437
Electrical Repairs/Supplies	6,474	-	6,474	-	6,474
Street/Pavement Repairs	115,680	-	115,680	-	115,680
Street sweeping	2,940	-	2,940	-	2,940
Gate & Wall maintenance	15,277	-	15,277	-	15,277
Bond interest expense	-	1,572,657	1,572,657	7,573	1,580,230
Bond principal	-	442,000	442,000	(442,000)	-
Subordinate bond interest	-	1,310,000	1,310,000	(948,711)	361,289
Interest on developer advances	-	-	-	1,458,593	1,458,593
Paying agent fees	-	6,500	6,500	-	6,500
Depreciation	-	-	-	296,444	296,444
Total Expenditures	<u>1,311,324</u>	<u>3,367,402</u>	<u>4,678,726</u>	<u>371,899</u>	<u>5,050,625</u>
<b>PROGRAM REVENUES</b>					
Fees	862,553	-	862,553	-	862,553
Developer Subsidy & Reimbursements	114,970	-	114,970	-	114,970
Working or capital contributions	90,720	-	90,720	-	90,720
Total Program Revenues	<u>1,068,243</u>	<u>-</u>	<u>1,068,243</u>	<u>-</u>	<u>1,068,243</u>
Net Program Income (Expense)	(243,081)	(3,367,402)	(3,610,483)	(371,899)	(3,982,382)
<b>GENERAL REVENUES</b>					
Property taxes	438,262	2,411,492	2,849,754	-	2,849,754
Specific ownership taxes	33,774	185,836	219,610	-	219,610
Interest and other income	15,220	93,251	108,471	-	108,471
Total General Revenues	<u>487,256</u>	<u>2,690,579</u>	<u>3,177,835</u>	<u>-</u>	<u>3,177,835</u>
CHANGE IN FUND BALANCE	244,175	(676,823)	(432,648)	432,648	
CHANGE IN NET POSITION				(804,547)	(804,547)
<b>FUND BALANCES/NET POSITION:</b>					
BEGINNING OF YEAR	<u>1,023,765</u>	<u>4,981,097</u>	<u>6,004,862</u>	<u>(43,122,313)</u>	<u>(37,117,451)</u>
END OF YEAR	<u>\$ 1,267,940</u>	<u>\$ 4,304,274</u>	<u>\$ 5,572,214</u>	<u>\$ (43,494,212)</u>	<u>(37,921,998)</u>

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

**HERITAGE TODD CREEK METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 463,610	\$ 438,262	\$ (25,348)
Specific ownership taxes	37,872	33,774	(4,098)
Fees	804,825	821,271	16,446
Developer Subsidy & Reimbursements	84,000	114,970	30,970
Builder Fees	27,450	41,282	13,832
Working or capital contributions	45,000	90,720	45,720
Interest and other income	1,000	15,220	14,220
Total Revenues	<u>1,463,757</u>	<u>1,555,499</u>	<u>91,742</u>
EXPENDITURES			
Administrative			
Legal	100,000	90,553	9,447
Election	35,000	19,239	15,761
Accounting / audit	28,000	22,245	5,755
Treasurer's fees	7,031	6,587	444
Insurance	10,000	9,151	849
Managing Agent	116,000	109,791	6,209
Access Control/Security/Telephone	4,000	3,021	979
Administrative business supplies	3,500	6,089	(2,589)
Miscellaneous/Activities	5,000	6,988	(1,988)
Website	750	471	279
Landscape - snow			
Landscape maintenance/equipment	162,000	157,975	4,025
Landscape Repairs	20,000	15,418	4,582
Landscape Refurbishment	150,000	184,530	(34,530)
Snow Removal	250,000	247,902	2,098
Holiday Lighting	10,000	9,999	1
Tree Maintenance	60,000	52,140	7,860
Irrigation Repairs & Maintenance	50,000	57,002	(7,002)
Water/Sewer	155,000	130,522	24,478
Storm Water	1,000	144	856
Gas/Electric	15,000	13,749	1,251
Streets/engineering			
Engineering	30,000	27,437	2,563
Electrical Repairs/Supplies	3,000	6,474	(3,474)
Street/Pavement Repairs	175,000	115,680	59,320
Street sweeping	4,000	2,940	1,060
Traffic calming	10,000	-	10,000
Fence painting/repairs	10,000	-	10,000
Gate & Wall maintenance	40,000	15,277	24,723
Contingency	25,000	-	25,000
Replacement Reserve	876,026	-	876,026
Emergency reserve	43,628	-	43,628
Total Expenditures	<u>2,398,935</u>	<u>1,311,324</u>	<u>1,087,611</u>
CHANGE IN FUND BALANCE	(935,178)	244,175	1,179,353
FUND BALANCE - BEGINNING OF YEAR	<u>935,178</u>	<u>1,023,765</u>	<u>88,587</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,267,940</u>	<u>\$ 1,267,940</u>

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

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Heritage Todd Creek Metropolitan District, located in Adams County, Colorado, 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 in 2002, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District was established to provide financing, acquisition, construction and maintenance of certain essential public facilities for the use and benefit of the citizens of the District. The District's primary revenues are property taxes and district fees. 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 pronouncements which provide 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.

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

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 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.

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 in 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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.



# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

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 except those required to be accounted for in another fund.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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. The District amended its total appropriations in the Debt Service Fund from \$2,656,840 to \$3,280,477 due to additional interest paid, however total expenditures in the Debt Service Fund exceeded total appropriations which may be a violation of state budget law. It is anticipated that the Debt Service Fund will be further amended.

### Assets, Liabilities 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, 2022, 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.

#### Receivables

District management believes that all accounts receivable are collectible in full and, therefore, makes no allowance for uncollectible accounts.

#### 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.

## HERITAGE TODD CREEK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. . The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized as interest expense over the shorter of the life of the refunded or refunding debt.

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 position 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 items 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.

#### 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 estimated fair value at the date of donation.

## HERITAGE TODD CREEK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

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. Streets are depreciated using the straight-line method over an estimated useful life of 30 years.

#### 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.

#### 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.

#### 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.

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

The nonspendable fund balance in the General Fund in the amounts of \$528 represent inventory and \$14,302 represents prepaid expenses.

### 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 \$44,471 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 \$4,304,274 is restricted for the payment of the debt service costs associated with the Series 2015 Bonds and the Series 2020 Bonds (See Note 4).

### Committed Fund Balance

Committed fund balance is 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 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.

### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports 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 or resources related to those assets.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

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, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 1,403,979
Cash and investments – Restricted	<u>4,415,050</u>
Total	<u>\$ 5,819,029</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 454,753
Investments – COLOTRUST	848,313
Investments - CSAFE	<u>4,515,963</u>
	<u>\$ 5,819,029</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.

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

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

### Investments

#### Credit Risk

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

#### Investment Valuation

Certain investments are measured at fair value 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 in COLOTRUST is not required to be categorized within the fair value hierarchy. The investment's value in CSAFE is calculated using the amortized cost method.

As of December 31, 2022, the District had the following investments:

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District had \$848,313 invested in COLOTRUST.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (CSAFE), is rated AAAM by Standard and Poor's and has a weighted average maturity of less than 60 days.. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. 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. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. 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 custodians' internal records identify the investments owned by CSAFE. At December 31, 2022, the District had \$4,515,963 invested in CSAFE.

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.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Governmental Type Activities:				
Capital assets not being depreciated:				
Landscaping	\$ 10,359,303	\$ -	\$ -	\$ 10,359,303
Total capital assets not being depreciated:	<u>10,359,303</u>	<u>-</u>	<u>-</u>	<u>10,359,303</u>
Capital assets being depreciated:				
Street improvements	8,893,326	-	-	8,893,326
Total capital assets being depreciated:	<u>8,893,326</u>	<u>-</u>	<u>-</u>	<u>8,893,326</u>
Less accumulated depreciation for:				
Street improvements	2,947,975	296,444	-	3,244,419
Accumulated Depreciation	<u>2,947,975</u>	<u>296,444</u>	<u>-</u>	<u>3,244,419</u>
Net capital assets being depreciated:	<u>5,945,351</u>	<u>(296,444)</u>	<u>-</u>	<u>5,648,907</u>
Government type assets, net	<u>\$ 16,304,654</u>	<u>\$ (296,444)</u>	<u>\$ -</u>	<u>\$ 16,008,210</u>

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

\$8,984,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020  
On November 20, 2020, the District issued \$8,984,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020 (“Series 2020 Bonds”) to refund the Series 2007A Bonds, and to pay certain costs associated with the issuance of the Series 2020 Bonds. The Series 2020 Bonds bear interest at the rate of 2.49%, payable semiannually on each June 1 and December 1, commencing on June 1, 2021. The Series 2020 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2021. The Bonds are subject to an early redemption at the option of the District commencing December 1, 2022, at a price equal to the principal amount plus accrued interest with a redemption premium ranging from 0% to 2.0%. The Series 2007A Bonds were fully defeased on November 20, 2020, with the issuance of the Series 2020 Bonds. The refunding resulted in a Net Present Value Savings of \$2,167,346.

The Series 2020 Bonds are secured by Pledged Revenues including the Required Mill Levy, as defined in the Fourth Supplemental Trust Indenture (see below), capital fees, the portion of the specific ownership tax related to the required mill levy, development fees pursuant to a Development Agreement with the Developer, and any other moneys determined by the District.

\$22,225,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2015  
On April 29, 2015, the District issued \$22,225,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2015 (“Series 2015 Bonds”) to (i) refund a portion of the Series 2007B Bonds, (ii) fund capitalized interest on the Series 2015 Bonds, (iii) pay certain costs associated with the issuance of the Series 2015 Bonds, (iv) fund a reserve fund, and (v) repay a portion of the amount due under the 2013 Loan Agreement for Capital Costs. The Series 2015 Bonds bear interest at the rates of 6.0 to 6.125%, payable semiannually on each June 1 and December 1, commencing on June 1, 2015. The Series 2015 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023. The Series 2015 Bonds are subject to an early redemption at the option of the District commencing December 1, 2024, at a price equal to the principal amount plus accrued interest without redemption premium.

The Series 2015 Bonds are secured by Pledged Revenues including the Required Mill Levy, as defined in the Second Supplemental Trust Indenture (see below), capital fees, the portion of the specific ownership tax related to the required mill levy, development fees pursuant to a Development Agreement with the Developer, and a reserve fund of \$1,111,250.



HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements for Series 2015 Bonds and the Series 2020 Bonds.

	Principal	Interest	Total
2023	\$ 548,000	\$ 1,561,651	\$ 2,109,651
2024	674,000	1,544,671	2,218,671
2025	696,000	1,520,518	2,216,518
2026	753,000	1,495,465	2,248,465
2027	780,000	1,467,414	2,247,414
2028-2033	4,687,000	6,842,726	11,529,726
2033-2037	6,184,000	5,747,909	11,931,909
2037-2041	9,865,000	3,785,556	13,650,556
2042-2044	6,155,000	605,762	6,760,762
	<u>\$ 30,342,000</u>	<u>\$ 24,571,672</u>	<u>\$ 54,913,672</u>

\$17,462,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Subordinate Bonds, Series 2007B

On May 22, 2007, the District issued \$17,462,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Subordinate Bonds Series 2007B (“Series 2007 B Bonds”). The bonds bear interest at the rate of 7.5% and are cash flow bonds payable from Surplus Funds. Interest is payable or accrued annually on December 1. The bonds mature December 1, 2037. Payments on the Subordinate Bonds can be made as long as the Surplus Fund is at its maximum as described in the Second Supplemental Trust Indenture (see below).

On April 29, 2015, with the issuance with the \$22,225,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2015, payment of \$10,427,843 in principal and \$7,396,916 in interest was made to the bondholder. In addition, UMB Bank, as paying agent on these bonds, reduced the principal balance on the Series 2007B bonds by \$2,171,560 as forgiveness of debt, leaving a principal balance of \$4,817,175.

Second Supplemental Trust Indenture

On April 29, 2015, the District entered into the Second Supplemental Trust Indenture with UMB Bank (“Indenture”). The Indenture modified terms relating to Series 2007A Bonds, Series 2007B Bonds and the Series 2015 Bonds. Among other modifications, the Required Mill Levy was further defined. Per the Indenture the Required Mill Levy prior to the time that the Senior Debt to Assessed Value Requirement is achieved shall not be in excess of 50 mills subject to any change in the assessment ratio after September 23, 2002 and shall not be less than 50 mills subject to any change in the assessment ratio after the issuance of the 2007 Bonds. Once the Senior Debt to Assessed Value Requirements is achieved and there are Subordinate Bonds outstanding the Required Mill Levy, shall be not in excess of 50 mills without any adjustment for any change in the assessment ratio.

## HERITAGE TODD CREEK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2022

The Indenture also restated provisions relating to the Surplus Fund. The Maximum Surplus Fund was restated to be 10% of the sum of the aggregate original principal amount of all Senior Bonds subject to adjustments for Senior Bonds issued for refunding a portion of existing Senior Bonds. The Surplus Fund can be released when the aggregate principal amount of all Senior Bonds then outstanding is equal to or less than 50% of the Final Assessed Valuation.

#### Events of Default

Events of Default are defined in the Bond Indentures. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Bonds is not an available remedy for an Event of Default.

#### Loan Agreement for Capital Costs

On October 19, 2005, the District entered into a Loan Agreement for Capital Costs with Lennar Colorado, LLC (the Developer). Under the terms of the agreement, the Developer agreed to loan to the District one or more sums of money, not to exceed the aggregate amount of \$25,000,000, to be used solely for capital costs of the District as defined in the agreement. The funds were available to the District through December 31, 2010. Loan advances made under this agreement bear simple interest at a rate of 8.5% per annum from the date such advance is made. The District intends to repay advances under this agreement from the proceeds of any bonds issued by the District or other revenue sources as determined by the District. The balance due under this agreement at December 31, 2022, was \$5,834,368 including principal and interest.

On September 18, 2013, the District entered into a Loan Agreement for Capital Costs with Lennar Colorado, LLC (the Developer). Under the terms of the agreement, the Developer agreed to loan to the District one or more sums of money, not to exceed the aggregate amount of \$6,500,000, to be used solely for capital costs of the District as defined in the agreement. The funds were available to the District through December 31, 2013. Loan advances made under this agreement bear simple interest at a rate of 7.0% per annum from the date such advance is made. The District intends to repay advances under this agreement from the proceeds of any bonds issued by the District or other revenue sources as determined by the District. During 2014 the District entered into an Extension Agreement extending the Loan Agreement to December 31, 2015. The balance due under this agreement at December 31, 2022, was \$10,074,811 including principal and interest.

#### Infrastructure Acquisition and Reimbursement Agreement

On November 21, 2008, the District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement. Pursuant to the agreement the District agreed to acquire public infrastructure from the Developer if the terms of the agreement are met, and agreed to reimburse the Developer for the costs associated with construction of the infrastructure plus interest at 8%. The balance due under this agreement at December 31, 2022, was \$1,856,697 including principal and interest.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Funding and Reimbursement Agreement

On August 3, 2005, the District entered into a Funding and Reimbursement Agreement with the Developer) whereby the Developer agreed to loan to the District one or more sums of money, not to exceed the aggregate amount of \$500,000 (amended to \$1,100,000). The funds are to be used solely for certain operating and maintenance costs as defined in the agreement and to be loaned to the District in one or a series of installments, and made available to the District through December 31, 2013. Loan advances made under this agreement bear interest at a rate of 8.5% annum from the date such advance is made. The District intends to repay advances under this agreement from the proceeds of any revenues determined by the District to be available therefore. The balance due under this agreement at December 31, 2022 is \$5,053,450 including principal and interest.

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	Balance			Balance	Current
	1/1/2022	Additions	Deletions	12/31/2022	Portion
<u>General Obligation Bonds</u>					
Series 2007 B Bonds	\$ 4,817,175	\$ -	\$ -	\$ 4,817,175	\$ -
Series 2015 Bonds	22,225,000	-	-	22,225,000	-
Series 2020 Bonds	8,559,000	-	442,000	8,117,000	548,000
<u>Other</u>					
Developer Advances - Operating (1)	4,656,714	396,736	-	5,053,450	-
Developer Advances - Capital (2)	16,704,019	1,061,857	-	17,765,876	-
	<u>\$ 56,961,908</u>	<u>\$ 1,458,593</u>	<u>\$ 442,000</u>	<u>\$ 57,978,501</u>	<u>\$ 548,000</u>

(1) Due under Funding and Reimbursement Agreement

(2) Due under Loan Agreement for Capital Costs and the Infrastructure Acquisition and Reimbursement Agreement

Debt Authorization

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$800,321,000. 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.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2022

Note 6: District Agreements

Amended and Restated Agreement Concerning the Imposition of District Fees

Pursuant to the Fourth Amended and Restated Resolution Concerning the Imposition of a Development Fee, General Operations Fee and a Working Capital Fee effective January 1, 2019, the Board of Directors approved the imposition of these fees against properties within the District. The Development Fee of \$3,500 is due upon each Lot not later than the date a building permit is obtained, the Working Capital Fee of \$560 is due upon transfer of property within the District, and the General Operations Fee is imposed upon each residential unit at a rate of \$150 per quarter and on vacant lots at a rate of \$12.50 per month. Effective April 1, 2022 the Board of Directors approved an amendment to the prior fee schedule, increasing the General Operations Fee imposed upon each residential unit to \$195 a quarter and on vacant lots to \$16.25 per month. The District recognized \$90,720 in Working Capital Fees and \$852,742 in General Operations Fees during the year ended December 31, 2022 related to these two agreements.

Note 5: 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.

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.

A majority of the District's electors authorized the District to collect and spend or retain in reserve all taxes collected without regard to any limitations imposed by TABOR, except for a \$500,000 limit imposed on the general operations and maintenance mill levy for the District.

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, §§24-10-101, *et seq.*, CRS, 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 Colorado Special Districts Property and Liability Pool (the Pool) 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 7: 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 may have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;
- 2) long-term liabilities such as developer advances payable, bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds;
- 3) deferred loss on refunding are not financial resources and, therefore are not reported in the funds; and,
- 4) Developer advances not received in the current year are eliminated in the Statement of Net Position.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may 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 process pending transfer to other governmental entities and 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; and
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of the long-term debt is recorded as the decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

## HERITAGE TODD CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 2,550,965	\$ 2,550,965	\$ 2,411,492	\$ (139,473)
Specific ownership taxes	208,392	208,392	185,836	(22,556)
Interest income	<u>3,000</u>	<u>3,000</u>	<u>93,251</u>	<u>90,251</u>
 Total Revenues	 <u>2,762,357</u>	 <u>2,762,357</u>	 <u>2,690,579</u>	 <u>(71,778)</u>
 <b>EXPENDITURES</b>				
Bond interest expense	1,572,657	1,572,657	1,572,657	-
Bond principal	442,000	442,000	442,000	-
Repay sub bonds interest and accrued interest	595,000	1,218,637	1,310,000	(91,363)
Treasurer's fees	38,683	38,683	36,245	2,438
Paying agent fees	<u>8,500</u>	<u>8,500</u>	<u>6,500</u>	<u>2,000</u>
Total Expenditures	<u>2,656,840</u>	<u>3,280,477</u>	<u>3,367,402</u>	<u>(86,925)</u>
 CHANGE IN FUND BALANCE	 105,517	 (518,120)	 (676,823)	 (158,703)
 FUND BALANCE - BEGINNING OF YEAR	 <u>4,275,033</u>	 <u>4,981,097</u>	 <u>4,981,097</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 4,380,550</u>	 <u>\$ 4,462,977</u>	 <u>\$ 4,304,274</u>	 <u>\$ (158,703)</u>

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

# HERITAGE TODD CREEK METROPOLITAN DISTRICT

## SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2008	\$ 11,722,300	5.000	50.000	\$ 644,727	\$ 642,864	99.71%
2009	\$ 12,696,210	5.000	50.000	\$ 698,292	\$ 572,187	81.94%
2010	\$ 11,927,140	10.000	50.000	\$ 715,628	\$ 692,166	96.72%
2011	\$ 10,334,000	10.000	50.000	\$ 620,040	\$ 578,862	93.36%
2012	\$ 11,993,610	10.000	54.000	\$ 767,591	\$ 767,580	100.00%
2013	\$ 11,665,170	10.000	54.000	\$ 746,571	\$ 746,569	100.00%
2014	\$ 12,940,960	10.000	54.000	\$ 828,222	\$ 823,356	99.41%
2015	\$ 14,732,990	10.000	54.000	\$ 942,911	\$ 949,591	100.71%
2016	\$ 20,109,910	10.000	50.000	\$ 1,206,595	\$ 1,202,029	99.62%
2017	\$ 23,647,070	10.000	50.000	\$ 1,418,824	\$ 1,414,904	99.72%
2018	\$ 30,564,600	10.000	53.946	\$ 1,954,484	\$ 1,953,308	99.94%
2019	\$ 34,119,230	10.000	54.302	\$ 2,193,935	\$ 2,190,951	99.86%
2020	\$ 41,039,660	10.000	54.622	\$ 2,652,065	\$ 2,649,403	99.90%
2021	\$ 41,798,450	10.000	55.024	\$ 2,717,902	\$ 2,717,433	99.98%
2022	\$ 46,360,960	10.000	55.024	\$ 3,014,575	\$ 2,849,754	94.53%
Estimated for year ending December 31, 2023	\$ 47,894,400	10.000	56.322	\$ 3,176,452		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.