

HERITAGE TODD CREEK METROPOLITAN DISTRICT

ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2023

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, 2023, the District makes the following report:

(A) **Boundary changes made:**

There were no boundary changes made in 2023.

(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 2023.

(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.heritagetoddcreekmd.org> or contact its legal counsel:

Seter, Vander Wall & Mielke, P.C.
7400 E Orchard Rd., Suite 3300
Greenwood Village, CO 80111
303.770.2700
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 2023 of \$58,835,040, for collection in 2024. The District certified a mill levy of 48.050 mills to be assessed against the properties within the District.

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

A copy of the 2024 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 2023 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
2024 Budget

HERITAGE TODD CREEK METROPOLITAN DISTRICT
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 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 debt.

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 2024 will be assessments, property taxes, specific ownership taxes and development fees. The district intends to impose a 48.050 mill levy on the property within the district in 2024, of which 10.678 mills will be dedicated to the General Fund and the balance of 37.372 mills will be allocated to the Debt Service Fund.

Heritage Todd Creek Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual 2022	Adopted Budget 2023	Actual 7/31/2023	Estimate 2023	Adopted Budget 2024
Beginning fund balance	\$ 1,023,765	\$ 1,113,964	\$ 1,267,940	1,267,940	\$ 1,336,782
Revenues:					
Property taxes	438,262	478,944	471,666	478,944	628,241
Specific ownership taxes	33,774	33,526	18,272	31,000	43,957
Maintenance and Management Fees	821,271	792,000	562,990	852,060	852,060
Developer reimbursement	114,970	70,000	7,208	70,000	70,000
Builder fees	41,282	8,250	-	8,250	8,250
Working or Capital Contributions	90,720	49,280	57,770	99,000	49,280
Interest income	15,220	1,000	30,456	70,000	30,000
Total revenues	<u>1,555,499</u>	<u>1,433,000</u>	<u>1,148,362</u>	<u>1,609,254</u>	<u>1,681,788</u>
Total funds available	<u>2,579,264</u>	<u>2,546,964</u>	<u>2,416,302</u>	<u>2,877,194</u>	<u>3,018,570</u>
Expenditures:					
Administrative					
Legal	90,553	100,000	96,809	160,000	120,000
Election	19,239	35,000	2,819	2,819	-
Accounting / audit	22,245	28,000	17,921	35,000	35,000
Treasurer fees	6,587	7,261	7,082	7,261	9,424
Insurance	9,151	10,000	15,332	15,332	25,000
Managing agent	109,791	124,120	56,157	120,000	52,800
Access Control System/telephone	3,021	4,000	1,792	4,000	4,000
Administrative business supplies	6,089	5,000	1,263	5,000	5,000
Miscellaneous/computers	6,988	3,000	427	2,000	8,000
Website	471	1,000	432	1,000	4,000
Landscape- snow					
Landscape maintenance/equipment	157,975	162,000	58,330	162,000	194,400
Landscape repair	15,418	20,000	-	20,000	20,000
Landscape refurbishment	184,530	170,000	143,827	170,000	170,000
Snow removal	247,902	253,000	168,452	253,000	303,600
Holiday lighting	9,999	10,000	-	10,000	10,000
Tree maintenance	52,140	72,000	47,551	72,000	86,400
Tree replacement	0	-	0	-	15,000
Tree removal	-	-	-	-	10,000
Irrigation Repairs and Maintenance	57,002	50,000	68,566	80,000	70,000
Water/sewer	130,522	155,000	73,766	155,000	155,000
Storm water	144	1,000	1,857	3,000	1,000
Electricity	13,749	15,000	8,097	15,000	15,000
Streets/engineering					
Engineering	27,437	30,000	31,117	40,000	40,000
Electical Repairs/Supplies	6,474	3,000	625	3,000	3,000
Gate and wall maintenance	15,277	40,000	24,653	40,000	40,000
Fence painting/repairs	-	10,000	-	5,000	10,000
Street/sidewalk/curb repairs	115,680	150,000	-	150,000	150,000
Street sweeping	2,940	4,000	1,943	4,000	4,000
Traffic calming	-	20,000	-	6,000	20,000
Other					
Contingency	-	25,000	-	-	94,668
Landscape reserve	-	2,500	-	-	2,500
Replacement reserve	-	992,612	-	-	1,293,359
Emergency reserve (3%)	-	44,471	-	-	47,419
Total expenditures	<u>1,311,324</u>	<u>2,546,964</u>	<u>828,818</u>	<u>1,540,412</u>	<u>3,018,570</u>
Excess (deficiency) of revenues over expenditures	<u>244,175</u>	<u>(1,113,964)</u>	<u>319,544</u>	<u>68,842</u>	<u>(1,336,782)</u>
Ending fund balance	<u>\$ 1,267,940</u>	<u>\$ -</u>	<u>\$ 1,587,484</u>	<u>1,336,782</u>	<u>\$ -</u>
Assessed Valuation		<u>\$ 47,894,400</u>			<u>\$ 58,835,040</u>
Mill Levy		<u>10.000</u>			<u>10.678</u>

Heritage Todd Creek Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual 2022	Adopted Budget 2023	Actual 7/31/2023	Estimate 2023	Adopted Budget 2024
Beginning fund balance	\$ 4,981,097	\$ 4,385,745	\$ 4,304,274	4,304,274	\$ 289,324
Revenues:					
Property taxes	2,411,492	2,697,508	2,656,518	2,697,508	2,198,783
Specific ownership taxes	185,836	218,650	102,909	175,000	153,906
Interest income/other	93,251	3,000	151,921	260,000	200,000
Loan Proceeds	-	-	-	31,685,000	-
Total revenues	<u>2,690,579</u>	<u>2,919,158</u>	<u>2,911,348</u>	<u>34,817,508</u>	<u>2,552,689</u>
Total funds available	<u>7,671,676</u>	<u>7,304,903</u>	<u>7,215,622</u>	<u>39,121,782</u>	<u>2,842,013</u>
Expenditures:					
Debt service - interest -2015	1,359,538	1,359,538	679,769	679,769	-
Debt service - interest -2020	213,119	202,113	101,057	101,057	-
Debt service -principal - 2020	442,000	453,000	-	-	-
Debt service -principal - 2015	-	95,000	-	-	-
Repay sub bonds interest and accrued interest	1,310,000	600,000	-	-	-
2023 Loan A-1 interest	-	-	-	-	1,221,640
2023 Loan A-2 interest	-	-	-	-	887,144
2023 Loan A-2 Principal	-	-	-	-	145,000
Treasurer fees	36,245	40,882	39,884	40,882	32,982
Cost of issuance	-	-	-	367,983	-
Payment to escrow agent	-	-	-	37,634,267	-
Paying agent fees	6,500	8,500	4,000	8,500	8,500
Total expenditures	<u>3,367,402</u>	<u>2,759,033</u>	<u>824,710</u>	<u>38,832,458</u>	<u>2,295,266</u>
Ending fund balance	<u>\$ 4,304,274</u>	<u>\$ 4,545,871</u>	<u>\$ 6,390,912</u>	<u>289,324</u>	<u>\$ 546,747</u>
Assessed Valuation		<u>\$ 47,894,400</u>			<u>\$ 58,835,040</u>
Mill Levy		<u>56.322</u>			<u>37.372</u>
Total Mill Levy		<u>66.322</u>			<u>48.050</u>

EXHIBIT B
2023 Audit

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditors' Report

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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 27, 2024
Wheat Ridge, Colorado

HERITAGE TODD CREEK METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 1,884,839	\$ -	\$ 1,884,839	\$ -	\$ 1,884,839
Cash and investments - restricted	47,419	65,338	112,757	-	112,757
Receivable - County Treasurer	2,699	15,203	17,902	-	17,902
Property taxes receivable	628,241	2,198,783	2,827,024	-	2,827,024
Accounts receivable	42,538	-	42,538	-	42,538
Prepaid expenses	14,471	-	14,471	-	14,471
Capital assets, not being depreciated	-	-	-	10,359,303	10,359,303
Capital assets, net of depreciation	-	-	-	5,352,463	5,352,463
Total Assets	<u>2,620,207</u>	<u>2,279,324</u>	<u>4,899,531</u>	<u>15,711,766</u>	<u>20,611,297</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	385,475	385,475
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,475</u>	<u>385,475</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,620,207</u>	<u>\$ 2,279,324</u>	<u>\$ 4,899,531</u>		
LIABILITIES					
Accounts payable	\$ 233,680	\$ -	\$ 233,680	-	233,680
Prepaid fees	150,127	-	150,127	-	150,127
Unclaimed Property	840	-	840	-	840
Retainage payable	11,567	-	11,567	-	11,567
Accrued interest	-	-	-	126,695	126,695
Long-term liabilities					
Due within one year	-	-	-	88,000	88,000
Due in more than one year	-	-	-	56,222,407	56,222,407
Total Liabilities	<u>396,214</u>	<u>-</u>	<u>396,214</u>	<u>56,437,102</u>	<u>56,833,316</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	628,241	2,198,783	2,827,024	-	2,827,024
Total Deferred Inflows of Resources	<u>628,241</u>	<u>2,198,783</u>	<u>2,827,024</u>	<u>-</u>	<u>2,827,024</u>
FUND BALANCES					
Nonspendable:					
Prepays	14,471	-	14,471	(14,471)	-
Restricted:					
Emergencies	47,419	-	47,419	(47,419)	-
Debt service	-	80,541	80,541	(80,541)	-
Unassigned	1,533,862	-	1,533,862	(1,533,862)	-
Total Fund Balances	<u>1,595,752</u>	<u>80,541</u>	<u>1,676,293</u>	<u>(1,676,293)</u>	<u>-</u>
Fund Balances	<u>\$ 2,620,207</u>	<u>\$ 2,279,324</u>	<u>\$ 4,899,531</u>		
NET POSITION					
Restricted for:					
Emergencies				47,419	47,419
Unrestricted				(38,710,987)	(38,710,987)
Total Net Position (Deficit)				<u>\$ (38,663,568)</u>	<u>\$ (38,663,568)</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, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Administrative					
Legal	\$ 156,357	\$ -	\$ 156,357	\$ -	\$ 156,357
Elections	2,812	-	2,812	-	2,812
Accounting / audit	41,750	-	41,750	-	41,750
Treasurer's fees	7,210	40,607	47,817	-	47,817
Insurance	15,332	-	15,332	-	15,332
Managing Agent	74,266	-	74,266	-	74,266
Access Control/Security/Telephone	3,388	-	3,388	-	3,388
Administrative business supplies	13,721	-	13,721	-	13,721
Miscellaneous/Activities	4,431	-	4,431	-	4,431
Website	432	-	432	-	432
Landscape - snow					
Landscape maintenance/equipment	120,939	-	120,939	-	120,939
Landscape Refurbishment	161,295	-	161,295	-	161,295
Snow Removal	245,208	-	245,208	-	245,208
Holiday Lighting	4,039	-	4,039	-	4,039
Tree Maintenance	70,871	-	70,871	-	70,871
Irrigation Repairs & Maintenance	91,706	-	91,706	-	91,706
Water/Sewer	160,461	-	160,461	-	160,461
Storm Water	3,163	-	3,163	-	3,163
Gas/Electric	14,059	-	14,059	-	14,059
Streets/engineering					
Engineering	50,389	-	50,389	-	50,389
Electrical Repairs/Supplies	6,236	-	6,236	-	6,236
Street/Pavement Repairs	115,651	-	115,651	-	115,651
Street sweeping	3,568	-	3,568	-	3,568
Traffic calming	6,000	-	6,000	-	6,000
Gate & Wall maintenance	36,052	-	36,052	-	36,052
Bond interest expense	-	1,564,832	1,564,832	4,609	1,569,441
Bond principal	-	13,029,175	13,029,175	(13,029,175)	-
Subordinate bond interest	-	1,799,085	1,799,085	(1,461,883)	337,202
Bond premium	-	114,960	114,960	(114,960)	-
Interest on developer advances	-	-	-	1,706,081	1,706,081
Loan issuance costs	-	288,375	288,375	-	288,375
Paying agent fees	-	4,000	4,000	-	4,000
Depreciation	-	-	-	296,444	296,444
Total Expenditures	<u>1,409,336</u>	<u>16,841,034</u>	<u>18,250,370</u>	<u>(12,598,884)</u>	<u>5,651,486</u>
PROGRAM REVENUES					
Fees	994,695	-	994,695	-	994,695
Developer Subsidy & Reimbursements	83,258	-	83,258	-	83,258
Working or capital contributions	91,370	-	91,370	-	91,370
Total Program Revenues	<u>1,169,323</u>	<u>-</u>	<u>1,169,323</u>	<u>-</u>	<u>1,169,323</u>
Net Program Income (Expense)	(240,013)	(16,841,034)	(17,081,047)	12,598,884	(4,482,163)
GENERAL REVENUES					
Property taxes	479,761	2,702,109	3,181,870	-	3,181,870
Specific ownership taxes	32,726	184,317	217,043	-	217,043
Interest and other income	55,338	286,342	341,680	-	341,680
Total General Revenues	<u>567,825</u>	<u>3,172,768</u>	<u>3,740,593</u>	<u>-</u>	<u>3,740,593</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	327,812	(13,668,266)	(13,340,454)	12,598,884	(741,570)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	31,785,000	31,785,000	(31,785,000)	-
Payment to refunding agent	-	(22,340,467)	(22,340,467)	22,340,467	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,444,533</u>	<u>9,444,533</u>	<u>(9,444,533)</u>	<u>-</u>
CHANGE IN FUND BALANCE	327,812	(4,223,733)	(3,895,921)	3,895,921	
CHANGE IN NET POSITION				(741,570)	(741,570)
FUND BALANCES/NET POSITION:					
BEGINNING 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>
END OF YEAR	<u>\$ 1,595,752</u>	<u>\$ 80,541</u>	<u>\$ 1,676,293</u>	<u>\$ (40,339,861)</u>	<u>(38,663,568)</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, 2023

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 478,944	\$ 479,761	\$ 817
Specific ownership taxes	33,526	32,726	(800)
Fees	792,000	983,614	191,614
Developer Subsidy & Reimbursements	70,000	83,258	13,258
Builder Fees	8,250	11,081	2,831
Working or capital contributions	49,280	91,370	42,090
Interest and other income	1,000	55,338	54,338
Total Revenues	<u>1,433,000</u>	<u>1,737,148</u>	<u>304,148</u>
EXPENDITURES			
Administrative			
Legal	100,000	156,357	(56,357)
Election	35,000	2,812	32,188
Accounting / audit	28,000	41,750	(13,750)
Treasurer's fees	7,261	7,210	51
Insurance	10,000	15,332	(5,332)
Managing Agent	124,120	74,266	49,854
Access Control/Security/Telephone	4,000	3,388	612
Administrative business supplies	5,000	13,721	(8,721)
Miscellaneous/Activities	3,000	4,431	(1,431)
Website	1,000	432	568
Landscape - snow			
Landscape maintenance/equipment	182,000	120,939	61,061
Landscape Refurbishment	170,000	161,295	8,705
Snow Removal	253,000	245,208	7,792
Holiday Lighting	10,000	4,039	5,961
Tree Maintenance	72,000	70,871	1,129
Irrigation Repairs & Maintenance	50,000	91,706	(41,706)
Water/Sewer	155,000	160,461	(5,461)
Storm Water	1,000	3,163	(2,163)
Gas/Electric	15,000	14,059	941
Streets/engineering			
Engineering	30,000	50,389	(20,389)
Electrical Repairs/Supplies	3,000	6,236	(3,236)
Street/Pavement Repairs	150,000	115,651	34,349
Street sweeping	4,000	3,568	432
Traffic calming	20,000	6,000	14,000
Fence painting/repairs	10,000	-	10,000
Gate & Wall maintenance	40,000	36,052	3,948
Contingency	25,000	-	25,000
Replacement Reserve	995,112	-	995,112
Emergency reserve	44,471	-	44,471
Total Expenditures	<u>2,546,964</u>	<u>1,409,336</u>	<u>1,137,628</u>
CHANGE IN FUND BALANCE	(1,113,964)	327,812	1,441,776
FUND BALANCE - BEGINNING OF YEAR	<u>1,113,964</u>	<u>1,267,940</u>	<u>153,976</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,595,752</u>	<u>\$ 1,595,752</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, 2023

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, 2023

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, 2023

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 due to the issuance of the Series 2023 Loans however, total expenditures exceeded total appropriations, which may be a violation of State budget law.

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, 2023, 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, 2023

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, 2023

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 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, 2023

The nonspendable fund balance in the General Fund 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 \$47,419 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 \$80,541 is restricted for the payment of the debt service costs associated with the Series 2023 Loans.

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. The District has no amount to report in this category at December 31, 2023.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 1,884,839
Cash and investments – Restricted	<u>112,757</u>
Total	<u>\$ 1,997,596</u>

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

Deposits with financial institutions	\$ 328,124
Investments – COLOTRUST	893,646
Investments - CSAFE	<u>775,826</u>
	<u>\$ 1,997,596</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, 2023

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, 2023, 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, 2023, the District had \$893,646 invested in COLOTRUST.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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, 2023, the District had \$775,826 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, 2023, follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Governmental Type Activities:				
Capital assets not being depreciated:				
Landscaping	\$ 10,359,303	\$ -	\$ -	\$ 10,359,303
Total capital assets not being depreciated:	10,359,303	-	-	10,359,303
Capital assets being depreciated:				
Street improvements	8,893,326	-	-	8,893,326
Total capital assets being depreciated:	8,893,326	-	-	8,893,326
Less accumulated depreciation for:				
Street improvements	3,244,419	296,444	-	3,540,863
Accumulated Depreciation	3,244,419	296,444	-	3,540,863
Net capital assets being depreciated:	5,648,907	(296,444)	-	5,352,463
Government type assets, net	\$ 16,008,210	\$ (296,444)	\$ -	\$ 15,711,766

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

\$17,314,000 Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan Series 2023A-1 (Series 2023A-1”) and \$14,471,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan Series 2023A-2 (“Series 2023A-2 Loan”) or in total (Series 2023 Loans”)

On December 7, 2023, the District entered into a Loan Agreement with Western Alliance Business Trust (“Bank”) whereby the Bank agreed to loan the District \$31,785,000, (“Series 2023 Loans”) for the purpose of fully refunding the Series 2007 B Bonds, the Series 2015 Bonds and the Series 2020 Bonds. The 2023 A-1 Loan bears interest initially at the rate of 7.19% until the Tax Exempt Reissuance Date, which is expected to occur on September 15, 2024 when the rate became 5.68% payable semiannually on each June 1 and December 1, commencing on June 1, 2024. The 2023 A-2 Loan bears interest at a rate of 5.68% payable semiannually on each June 1 and December 1, commencing on June 1, 2024. The Series 2023 Loans matures on December 1, 2033. The Series 2023 Loans are not subject to prepayment prior to December 1, 2028 except as described below, on or after December 1, 2028, the District may prepay all or, with the consent of the Lender, any part of the principal of the Loans (of either or both series) on any Payment Date upon payment to the Lender of the principal amount so prepaid and accrued interest thereon to the prepayment date, without prepayment fee or premium. On or after December 1, 2024, the District may prepay, on any Payment Date, up to 2.00% of the outstanding principal of the Loans annually from any excess revenues of the District determined, in the sole discretion of the District, to be legally available for such purpose, other than borrowed moneys, upon payment to the Lender of the principal amount so prepaid and accrued interest thereon to the prepayment date. No prepayment fee or premium shall be required with respect to any optional prepayment of the Loans from excess revenues of the District that do not constitute borrowed moneys.

The 2023 Loan is secured by the Pledged Revenue which includes Property Tax Revenue and, the the Specific Ownership Tax and any other legally available moneys as determined by the District.

Events of Default as defined in the Loan Agreement include 1) the failure of the District to pay the principal and interest on the Loans, 2) impose the Required Mill levy, 2) the Districts failure to observe or perform any other of the covenants, agreements, or conditions of the Loan Agreement, and failure to remedy the same after notice thereof within 30 days, 3) the pledge of the Pledged Revenue or any other security interest created hereunder or under the Custodial Agreement fails to be fully enforceable with the priority required according to the Loan Agreement and 4) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Remedies available in the Event of Default include 1) exercise any and all remedies available under the Custodial Agreement; or 2) take any other action or remedy available under the other Financing Documents or any other document, or at law or in equity. Acceleration of payments shall not be an available remedy for an Event of Default.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

The following is a summary of the annual long-term debt principal and interest requirements for 2023 Loans:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 88,000	\$ 2,010,595	\$ 2,098,595
2025	684,000	1,800,390	2,484,390
2026	771,000	1,761,538	2,532,538
2027	815,000	1,717,746	2,532,746
2028	910,000	1,671,454	2,581,454
2029-2033	<u>28,517,000</u>	<u>7,499,702</u>	<u>36,016,702</u>
	<u>\$31,785,000</u>	<u>\$ 16,461,425</u>	<u>\$ 48,246,425</u>

Refunding

On December 7, 2023, the District entered into the Series 2023 Loans and with a portion proceeds along with funds on hand deposited funds in an escrow to repay the Series 2015 Bonds. As a result the Series 2015 Bonds were considered defeased and were removed from the District’s Statement of Net Position. The refunding resulted in a net present loss of \$1,226,535.

\$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 were 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.

The Series 2020 Bonds were repaid in full with issuance of the Series 2023 A-2 Loan.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

\$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 were 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.

The Series 2015 Bonds were repaid in full with issuance of the Series 2023 A-1 Loan.

\$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.

The Series 2015 Bonds were repaid in full with issuance of the Series 2023 A-2 Loan.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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. With the issuance of the Series 2023 Loans, this Indenture no longer applies.

Events of Default

Events of Default were defined in the Bond Indentures. However, with the issuance of the Series 2023 Loans, these events of default are no longer applicable.

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, 2023, was \$6,331,212 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, 2023, was \$10,781,854 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, 2023, was \$1,928,250 including principal and interest.

HERITAGE TODD CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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, 2023 is \$5,483,821 including principal and interest.

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	Balance			Balance	Current
	1/1/2023	Additions	Deletions	12/31/2023	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	8,117,000	-	8,117,000	-	-
<u>Other</u>					
Series 2023 A-1 Loan	-	17,314,000	-	17,314,000	-
Series 2023 A-2 Loan	-	14,471,000	-	14,471,000	88,000
Developer Advances - Operating (1)	5,053,450	430,371	-	5,483,821	-
Developer Advances - Capital (2)	17,765,876	1,275,710	-	19,041,586	-
	<u>\$ 57,978,501</u>	<u>\$ 33,491,081</u>	<u>\$ 35,159,175</u>	<u>\$ 56,310,407</u>	<u>\$ 88,000</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, 2023, 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, 2023

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. 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 \$91,370 in Working Capital Fees and \$967,653 in General Operations Fees during the year ended December 31, 2023 related to these two agreements. Effective June 1, 2023 the District approved an amendment to the prior fee schedule related to delinquency and late payment fees. At December 31, 2023 the District had \$17,538 in fees receivable included in the Accounts Receivable on the attached financial statements.

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, 2023

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 capitalized 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, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 2,697,508	\$ 2,697,508	\$ 2,702,109	\$ 4,601
Specific ownership taxes	218,650	175,000	184,317	9,317
Interest income	<u>3,000</u>	<u>260,000</u>	<u>286,342</u>	<u>26,342</u>
 Total Revenues	 <u>2,919,158</u>	 <u>3,132,508</u>	 <u>3,172,768</u>	 <u>40,260</u>
 EXPENDITURES				
Bond interest expense	1,561,651	848,368	1,564,832	716,464
Bond principal	548,000	-	13,029,175	13,029,175
Bond premium	-	-	114,960	114,960
Subordinate bond interest	600,000	-	1,799,085	(1,799,085)
Treasurer's fees	40,882	40,882	40,607	275
Paying agent fees	8,500	8,500	4,000	4,500
Loan issuance costs	<u>-</u>	<u>367,983</u>	<u>288,375</u>	<u>79,608</u>
 Total Expenditures	 <u>2,759,033</u>	 <u>1,265,733</u>	 <u>16,841,034</u>	 <u>12,145,897</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 160,125	 1,866,775	 (13,668,266)	 (15,535,041)
 OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	31,685,000	31,785,000	100,000
Payment to refunding agent	<u>-</u>	<u>(37,634,267)</u>	<u>(22,340,467)</u>	<u>15,293,800</u>
 Total Other Financing Sources (Uses)	 -	 (5,949,267)	 9,444,533	 15,393,800
 CHANGE IN FUND BALANCE	 160,125	 (4,082,492)	 (4,223,733)	 (141,241)
 FUND BALANCE - BEGINNING OF YEAR	 <u>4,385,746</u>	 <u>4,304,274</u>	 <u>4,304,274</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 4,545,871</u>	 <u>\$ 221,782</u>	 <u>\$ 80,541</u>	 <u>\$ (141,241)</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, 2023

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		Percent Collected to Levied
		<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%
2023	\$ 47,894,400	10.000	56.322	\$ 3,176,452	\$ 3,181,870	100.17%
Estimated for year ending December 31, 2024	\$ 58,835,040	10.678	37.372	\$ 2,827,024		

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.