

# TIMNATH LAKES METROPOLITAN DISTRICT (“TLMD”) NO. 1

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
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## **NOTICE OF SPECIAL MEETING AND AGENDA**

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Jennifer Martin	President	2025/May 2025
Matthew Wasserman	Treasurer	2025/May 2025
Janis Emanuel	Assistant Secretary	2027/May 2027
Robert Bol	Assistant Secretary	2025/May 2025
Justin Guy Wright	Assistant Secretary	2027/May 2027

DATE: August 23, 2023

TIME: 5:00 p.m.

PLACE: **VIA ZOOM MEETING**

***IF YOU WOULD LIKE TO ATTEND THIS MEETING, THE LINK IS BELOW.***

<https://us02web.zoom.us/j/5469119353?pwd=SmtlcHJETFhCQUZEcVBBOGZVU3Fqdz09>

**Meeting ID:** 546 911 9353

**Passcode:** 912873

**Dial In:** 1-253-215-8782

### I. ADMINISTRATIVE MATTERS

A. Present disclosures of potential conflicts of interest.

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B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

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C. Acknowledge resignation of Larry Loften as District Secretary, and consider appointment of David Solin as new District Secretary.

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D. Review and consider approval of the Minutes of the April 19, 2023 Regular Meeting and the May 30, 2023 Special Meeting (enclosures).

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### II. PUBLIC COMMENTS

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

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III. FINANCIAL MATTERS

- A. Review and accept Unaudited Financial Statements through the period ending June 30, 2023 and Schedule of Cash Position as of June 30, 2023 (enclosure).

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- B. Review and consider ratifying approval and filing of 2022 Audit and authorization of execution of Representations Letter (final audit – enclosed).

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- C. Discuss and consider engagement of CliftonLarsonAllen LLP to provide billing services for Domestic Water usage.

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IV. LEGAL MATTERS

- A. Discuss legal services.

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- B. Consider approval of Engineer's Report and Certification No. \_\_\_\_\_ (to be distributed if available) and consider acceptance of verified costs for Public Improvements.

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- C. Discuss status of inclusion of approximately 5.3697 acres of real property owned by CAC Timnath LLC into the District.

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V. CAPITAL MATTERS

- A. Discuss status of the relocation of the Akin Lateral Irrigation Ditch.

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- B. Discuss process for acceptance and transfer of improvements.

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- 1. Discuss service agreements and maintenance services required for acceptances.

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VI. OTHER BUSINESS

A. Discuss status of development.

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B. Discuss changing regular meeting time to evenings.

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C. Discuss additional meeting notice posting locations.

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D. Consider adoption of Resolution No. 2023-08-\_\_\_\_, Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices (if meeting time and/or posting locations are changed).

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VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 18, 2023.**

# RECORD OF PROCEEDINGS

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## MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE TIMNATH LAKES METROPOLITAN DISTRICT NO. 1 HELD APRIL 19, 2023

A Regular Meeting of the Board of Directors of the Timnath Lakes Metropolitan District No. 1 (referred to hereafter as "Board") was convened on Wednesday, the 19<sup>th</sup> day of April, 2023 at 1:00 p.m. via Zoom. The meeting was open to the public.

### ATTENDANCE

#### Directors In Attendance Were:

Janis L. Emanuel  
Robert Bol

Following discussion, upon motion duly made by Director Emanuel seconded by Director Bol and, upon vote, unanimously carried, the absence of Director Theodore Antenucci was excused.

#### Also In Attendance Were:

Ann Finn and Larry Loften; Special District Management Services, Inc.

Paula Williams, Esq., Kate Olson, Esq. and Craig Sorensen; McGeady Becher P.C.

Curtis Bourgouin; CliftonLarsonAllen LLP

Michael Kuykendall and Nick Montalbano; Catellus Development Corporation

Jane Spencer; Homeowner

Matt Wasserman; Homeowner

Jerry Chilson; Homeowner

### ADMINISTRATIVE MATTERS

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Loften. noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and

## RECORD OF PROCEEDINGS

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incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Williams noted that all Directors' Disclosure Statements have been filed, and that no new conflicts were disclosed at the meeting.

**Agenda:** Mr. Loften distributed for the Board's review and approval a proposed Agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Location of Meeting and Posting of Notices:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board determined that the meeting would be held by video/telephonic means, and encouraged public participation via video or telephone. The Board further noted that notice of the time, date and location of the meeting was duly posted and that the District had not received any objections to the video/telephonic manner of the meeting, or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries.

**Designation of 24-Hour Posting Location:** Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol, and upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District as least 24 hours prior to each meeting at the following location: at the North side of East Harmony Road on a light pole 300 feet west of the railroad tracks.

**Resignation and Appointment of Secretary to the Board:** The Board discussed the resignation of Ann Finn and considered the appointment of Larry Loften as Secretary to the Board.

Following discussion, upon motion duly made by Director Emmanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board acknowledged the resignation of Ann Finn as Secretary to the Board and appointed Larry Loften as Secretary to the Board.

**Minutes:** The Board reviewed the Minutes of the December 5, 2022 and December 21, 2022 Special Meetings.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Emanuel and seconded by Director Bol and, upon vote, unanimously carried, the Minutes of the December 5, 2022 and December 21, 2022 Special Meetings were approved.

**May 2, 2023 Regular Directors' Election:** Mr. Lofton informed the Board that once the new Board members are elected, he will schedule a new Board member orientation meeting. It was noted that ballots were mailed on April 10, 2023.

### **PUBLIC COMMENTS**

**Canvass Board for Election:** Mr. Wasserman asked about the makeup of the Canvass Board, and it was noted that the Canvass Board will consist of Director Bol and Jonathan Whaley, a District resident.

### **FINANCIAL MATTERS**

**Unaudited Financial Statements and Schedule of Cash Position:** Mr. Bourgouin reviewed with the Board the unaudited financial statements, through the period ending December 31, 2022 and the schedule of cash position as of March 31, 2023.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board accepted the unaudited financial statements, through the period ending December 31, 2022 and the schedule of cash position as of March 31, 2023, as presented.

**Billing Services for Domestic Water Usage:** The Board discussed the engagement of CliftonLarsonAllen LLP ("CLA") to provide billing services for Domestic Water usage. Mr. Bourgouin informed the Board that CLA would require additional information before providing a cost estimate. No action was taken by the Board.

### **LEGAL MATTERS**

**Resolution No. 2023-04-01, Joint Resolution of the Board of Directors of Timnath Lakes Metropolitan District No. 1 and Timnath Lakes Metropolitan District No. 3 Regarding the Imposition of District Residential Fees:** Attorney Williams informed that Board that additional information is needed before the Resolution can be finalized, and that both a community outreach meeting and Town of Timnath approval were also required. No action was taken by the Board.

*Billing of Domestic Water Usage:* The Board discussed. No action was taken by the Board.

## RECORD OF PROCEEDINGS

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**Town Submittal Letter and other documents and requests to the Town of Timnath:** Attorney Williams reviewed the draft submittal letter to the Town regarding the inclusion of property, District fees, the Timnath Lakes Community Authority Establishment Agreement, and the Service Plan Amendment.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the submittal of the Town Submittal Letter and other documents and requests to the Town of Timnath, after the community outreach meeting has taken place.

**Submittal of First Amendment to the Consolidated Amended and Restated Service Plan for Timnath Lakes MD Nos. 1-3 and First Amendment to the Service Plan for Timnath Lakes MD No. 4-6 (“Service Plan Amendment”):** Attorney Williams reviewed the Service Plan Amendment with the Board and discussed the requirements for submittal of same to the Town of Timnath.

Following discussion, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the submittal of the Service Plan Amendment to the Town of Timnath, after the community outreach meeting has taken place.

**Engineer’s Report:** There was no report available. The Board deferred discussion.

**Timnath Lakes Community Authority Establishment Agreement (“Establishment Agreement”):** Attorney Williams informed the Board that the Establishment Agreement will be discussed at the community outreach meeting, and that Establishment Agreement is subject to Town review and approval. No action was taken by the Board.

**Resolution Approving Appointment of Representatives to the Timnath Lakes Community Authority:** The Board deferred this matter.

**Public Hearing to Consider the Inclusion of 5.3697 acres of property owned by CAC Timnath LLC:** The President opened the public hearing to consider the inclusion of approximately 5.367 acres of real property owned by CAC Timnath LLC.

It was noted that publication of notice stating that the Board would consider the inclusion of the property and the date, time and place of the public hearing was made in the *Fort Collins Coloradoan*, a newspaper having general circulation within the District, on April 13, 2023. No written objections were received prior to this public hearing. No public comments were received, and the public hearing was closed.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Emmanuel, seconded by Director Bol and, upon vote, unanimously carried, the Board approved the inclusion of the property (subject to the required notification to the Town of Timnath before the recording of the Order for Inclusion) and adopted Resolution No. 2023-04-01, Resolution for Inclusion of Real Property. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference. Attorney Williams informed the Board that the Order for Inclusion will not be recorded or effective until after the required notice to the Town of Timnath has been provided.

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**CAPITAL MATTERS**    **Relocation of the Akin Lateral Irrigation Ditch:** Attorney Williams and Mr. Kuykendall provided an update.

**Process for Acceptance and Transfer of Improvements:** The Board deferred discussion.

*Service Agreements and Maintenance Services Required for Acceptances:* The Board deferred discussion.

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**OTHER BUSINESS**    **Current Development:** Mr. Kuykendall provided the Board with an update on the status of development within the District.

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**ADJOURNMENT**    There being no further business to come before the Board at this time, upon motion duly made by Director Emanuel, seconded by Director Bol and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting



## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE TIMNATH LAKES METROPOLITAN DISTRICT NO. 1 HELD MAY 30, 2023

A Special Meeting of the Board of Directors of the Timnath Lakes Metropolitan District No. 1 (referred to hereafter as "Board") was convened on Wednesday, the 30<sup>th</sup> day of May, 2023 at 1:00 p.m. via Zoom. The meeting was open to the public.

#### ATTENDANCE

#### Directors In Attendance Were:

Janis Emanuel  
Robert Bol  
Jennifer Martin  
Matthew Wasserman  
Justin Guy Wright

#### Also In Attendance Were:

Larry Loften; Special District Management Services, Inc.

Paula Williams, Esq.; McGeady Becher P.C.

Curtis Bourgouin; CliftonLarsonAllen LLP

Michael Kuykendall; Catellus Development Corporation

#### ADMINISTRATIVE MATTERS

**Disclosure of Potential Conflicts of Interest:** The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Loften. noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Williams noted that conflict disclosure statements have been filed for Directors Emanuel and Bol, and that no new conflicts were disclosed at the meeting.

**Agenda:** Mr. Loften distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Emanuel, seconded by Director Wright and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Location of Meeting and Posting of Notices:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board determined that the meeting would be held by video/telephonic means, and encouraged public participation via video or telephone. The Board further noted that notice of the time, date and location of the meeting was duly posted and that the District had not received any objections to the video/telephonic manner of the meeting, or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries.

**Public Comments:** There were no public comments.

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### **BOARD MEMBER ORIENTATION**

#### **What is a Metropolitan District:**

*Powers:* Mr. Lofton and Attorney Williams reviewed with the Board.

#### **Organization:**

*History of the District:* Attorney Williams and Mr. Kuykendall reviewed with the Board.

*Service Plan:* Attorney Williams and Mr. Kuykendall reviewed with the Board.

*Intergovernmental Agreement with the Town of Timnath:* Attorney Williams and Mr. Kuykendall reviewed with the Board.

*Cooperation Agreement between TLMD Nos. 2-6 and the Timnath Development Authority:* Attorney Williams and Mr. Kuykendall reviewed with the Board.

*Relationship between TLMD Nos. 2-6 and the proposed Timnath Lakes Community Authority Board:* Attorney Williams and Mr. Kuykendall reviewed with the Board. Attorney Williams answered questions from the Board about the Community Authority and how to increase homeowner input in decisions and processes moving forward.

#### **Board of Directors:**

*Board Member Manual:* Attorney Williams and Mr. Lofton reviewed with the Board.

## RECORD OF PROCEEDINGS

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Qualifications: Attorney Williams and Mr. Loften reviewed with the Board.

Regular Elections/Terms of Office/Oaths of Office: Attorney Williams and Mr. Loften reviewed with the Board.

Officers: Attorney Williams and Mr. Loften reviewed with the Board.

Public Meetings (packets/schedule/location): Attorney Williams and Mr. Loften reviewed with the Board.

Robert's Rules of Order: Attorney Williams and Mr. Loften reviewed with the Board.

Insurance: Attorney Williams and Mr. Loften reviewed with the Board.

Indemnification Resolution: Attorney Williams and Mr. Loften reviewed with the Board.

Compensation (director fees): Attorney Williams and Mr. Loften reviewed with the Board.

Duties/Fiduciary Obligations: Attorney Williams and Mr. Loften reviewed with the Board.

Website: Attorney Williams and Mr. Loften reviewed with the Board.

### **Consultants for the District:**

General Counsel: Attorney Williams and Mr. Loften reviewed with the Board.

Accountant: Attorney Williams and Mr. Loften reviewed with the Board.

Manager: Attorney Williams and Mr. Loften reviewed with the Board.

Auditor: Attorney Williams and Mr. Loften reviewed with the Board.

Underwriter / Placement Agreement: Attorney Williams and Mr. Loften reviewed with the Board.

### **Financial Matters:**

2023 Budget: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Mill Levies: Mr. Bourgouin and Mr. Loften reviewed with the Board.

## RECORD OF PROCEEDINGS

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O&M Maintenance Responsibilities: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Long Term Obligations / Bonds: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Capital Improvements: Mr. Bourgouin and Mr. Loften reviewed with the Board.

District Fees: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Covenant Control: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Accounts Payable (procedure for approval): Mr. Bourgouin and Mr. Loften reviewed with the Board.

Financial Statements: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Audits: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Facilities/Operations Funding Agreements: Mr. Bourgouin and Mr. Loften reviewed with the Board.

Disclosure to Purchasers: Mr. Bourgouin and Mr. Loften reviewed with the Board.

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### **OTHER MATTERS**

**May 2, 2023 Regular Election**: Mr. Loften reviewed with the Board the results of the May 2, 2023 Election, noting that Directors Wasserman and Martin were each elected to 2-year terms ending in May 2025, and that Directors Wright and Emanuel were each elected to 4-year terms ending in May 2027.

**Appointment of Officers**: The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director Emmanuel, seconded by Director Wasserman and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Jennifer Martin
Treasurer	Matthew Wasserman
Secretary	Larry Loften
Assistant Secretary	Justin Wright
Assistant Secretary	Robert Bol
Assistant Secretary	Janis Emanuel

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**RECORD OF PROCEEDINGS**

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**ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made by Director Emanuel, seconded by Director Wasserman and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting

**TIMNATH LAKES METRO DISTRICT NO. 1**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Timnath Lakes Metro District No. 1**  
**Balance Sheet - Governmental Funds**  
**June 30, 2023**

	<b>Debt Service</b>	<b>Total</b>
Assets		
CSAFE	\$ 12,517.62	\$ 12,517.62
UMB Bond Fund	8,067.55	8,067.55
Due from Other Districts	80,795.03	80,795.03
Receivable from County Treasurer	1,332.71	1,332.71
Total Assets	\$ 102,712.91	\$ 102,712.91
 Fund Balances	102,712.91	102,712.91
 Liabilities and Fund Balances	\$ 102,712.91	\$ 102,712.91

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

## **SUPPLEMENTARY INFORMATION**



**Timnath Lakes Metro District No. 1**  
**Debt Service Fund Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Period Ending June 30, 2023**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 3,991.00	\$ 3,973.17	\$ 17.83
URA District property taxes	136,855.00	130,795.03	6,059.97
Specific ownership taxes	9,859.00	5,025.21	4,833.79
Interest income	1,640.00	229.44	1,410.56
Total Revenue	<u>152,345.00</u>	<u>140,022.85</u>	<u>12,322.15</u>
Expenditures			
County Treasurer's fee	80.00	79.46	0.54
Intergovernmental expenditures	50,000.00	50,000.00	-
Paying agent fees	7,000.00	9,000.00	(2,000.00)
Bond interest	147,700.00	-	147,700.00
Bond issue costs	-	22,050.00	(22,050.00)
Contingency	5,220.00	-	5,220.00
Total Expenditures	<u>210,000.00</u>	<u>81,129.46</u>	<u>128,870.54</u>
Net Change in Fund Balances	(57,655.00)	58,893.39	(116,548.39)
Fund Balance - Beginning	138,176.00	43,819.52	94,356.48
Fund Balance - Ending	<u>\$ 80,521.00</u>	<u>\$ 102,712.91</u>	<u>\$ (22,191.91)</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TIMNATH LAKES METRO DISTRICT NO. 1**

**Schedule of Cash Position**

**June 30, 2023**

**Updated as of August 7, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b><u>CSAFE</u></b>			
Balance as of 6/30/23	\$ -	\$ 12,517.62	\$ 12,517.62
Subsequent activities:			
07/10/23 Ptax Receipt	-	1,332.71	1,332.71
07/31/23 Interest Income	-	59.90	59.90
<i>Anticipated Transfer from District 6</i>	-	<i>80,795.03</i>	<i>80,795.03</i>
<i>Anticipated Balance</i>	<u>-</u>	<u>94,705.26</u>	<u>94,705.26</u>
<b><u>UMB Bond Fund</u></b>			
Balance as of 6/30/23		\$ 8,067.55	\$ 8,067.55
Subsequent activities:			
07/31/23 Interest Income	-	29.43	29.43
<i>Anticipated Balance</i>	<u>-</u>	<u>8,096.98</u>	<u>8,096.98</u>
<b>Total Funds Available</b>	<u>\$ -</u>	<u>\$ 102,802.24</u>	<u>\$ 102,802.24</u>

**Yield information 6/30/2023:**

CSAFE - 5.14%

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**Property Taxes Reconciliation**  
**2023**

	Current Year								Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County Treasurer	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
								Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 12.25	\$ -	\$ 792.71	\$ -	\$ (0.25)	\$ -	\$ 804.71	0.31%	0.31%	\$ 980.52	8.67%	8.67%
February	540.69	-	794.76	-	(10.81)	-	1,324.64	13.55%	13.85%	956.80	10.98%	19.65%
March	253.02	-	912.25	-	(5.06)	-	1,160.21	6.34%	20.19%	1,079.70	11.24%	30.90%
April	14.94	-	797.38	-	(0.30)	-	812.02	0.37%	20.57%	745.74	3.13%	34.03%
May	2,705.60	-	833.14	-	(54.11)	-	3,484.63	67.79%	88.36%	2,039.46	57.32%	91.35%
June	446.67	-	894.97	-	(8.93)	-	1,332.71	11.19%	99.55%	814.89	8.41%	99.75%
July	-	-	-	-	-	-	-	0.00%	99.55%	758.82	0.00%	99.75%
August	-	-	-	-	-	-	-	0.00%	99.55%	994.01	0.22%	99.97%
September	-	-	-	-	-	-	-	0.00%	99.55%	846.20	0.00%	99.97%
October	-	-	-	-	-	-	-	0.00%	99.55%	805.25	0.00%	99.97%
November	-	-	-	-	-	-	-	0.00%	99.55%	681.54	0.00%	99.97%
December	-	-	-	-	-	-	-	0.00%	99.55%	661.14	0.00%	99.97%
	<b>\$ 3,973.17</b>	<b>\$ -</b>	<b>\$ 5,025.21</b>	<b>\$ -</b>	<b>\$ (79.46)</b>	<b>\$ -</b>	<b>\$ 8,918.92</b>	<b>99.55%</b>	<b>99.55%</b>	<b>\$ 11,364.07</b>	<b>99.97%</b>	<b>99.97%</b>

Mill Levy	Larimer County Assess Value	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied
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**Property Tax**

Debt Service Fund	50.980	\$ 78,294	\$ 3,991.00	100.00%	\$ 3,973.17	99.55%
			<u>\$ 3,991.00</u>	<u>100.00%</u>	<u>\$ 3,973.17</u>	<u>99.55%</u>

**Specific Ownership Tax**

Debt Service Fund			\$ 9,859.00	100.00%	\$ 5,025.21	50.97%
			<u>\$ 9,859.00</u>	<u>100.00%</u>	<u>\$ 5,025.21</u>	<u>50.97%</u>

**Treasurer's Fees**

Debt Service Fund			\$ 80.00	100.00%	\$ 79.46	99.33%
			<u>\$ 80.00</u>	<u>100.00%</u>	<u>\$ 79.46</u>	<u>99.33%</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was formed on June 23, 2006, to provide for the design, acquisition, construction, installation and financing of certain street, park and recreation, water, sanitation, mosquito control and safety protection improvements and services. The District was organized in conjunction with Timnath Lakes Metropolitan District Nos. 2 and 3. On September 10, 2019, the District amended and restated its service plan to include Timnath Lakes Metropolitan District Nos. 4 through 6.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirement of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Property Taxes**

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

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**URA Property Taxes**

The URA will receive property tax revenue ("Pledged Property Tax Increment Revenue") from the Larimer County Treasurer in excess of the amount produced by the levy of those bodies that levy property taxes against the Property Tax Base Amount in the TIF District. The revenue received by the URA, net of all costs, will be remitted to the District's Bond Trustee and pledged to the payment of the Bonds.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**2023 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (Continued)**

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds has been estimated based on historical interest earnings.

**Expenditures**

**County Treasurer's Fees**

County Treasurer's fees have been computed at 2.0% of property tax collections.

**Debt and Leases**

On December 29, 2022 the District issued Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022A, in the initial principal amount of \$5,313,965.20 (\$5,860,000 in Accreted Value upon conversion to current interest bonds) ("Senior Bonds") and Subordinate Limited Tax General Obligation Bonds, Series 2022B in the principal amount of \$2,586,000 ("Subordinate Bonds"). Proceeds from the sale of the Bonds were used to: (i) finance or reimburse the costs of public improvements related to the Development; (ii) pay the costs of issuance of the Bonds and (iii) refund the Series 2020A bonds.

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since all funds received by the District are in the Debt Service fund, an Emergency Reserve is not reflected in the District's Budget.

\$5,313,965 Limited Tax General  
Obligation Bonds  
Series 2022A  
Interest 3.375%  
Dated December 29, 2022  
Interest Payable June 1 and December 1  
Principal Payable December 1

Bonds and Interest Maturing in the Year Ending December 31,	Account Bond Balance	Accreted	Principal	Interest	Total
2022	\$ 5,313,965	\$ -	\$ -	\$ -	\$ -
2023	5,480,565	166,600	-	-	-
2024	5,667,089	186,524	-	-	-
2025	5,860,000	192,911	-	-	-
2026	-	-	100,000	197,775	297,775
2027	-	-	105,000	194,400	299,400
2028	-	-	115,000	190,856	305,856
2029	-	-	120,000	186,975	306,975
2030	-	-	130,000	182,925	312,925
2031	-	-	135,000	178,538	313,538
2032	-	-	145,000	173,981	318,981
2033	-	-	150,000	169,088	319,088
2034	-	-	160,000	164,025	324,025
2035	-	-	165,000	158,625	323,625
2036	-	-	180,000	153,056	333,056
2037	-	-	185,000	146,981	331,981
2038	-	-	195,000	140,738	335,738
2039	-	-	205,000	134,156	339,156
2040	-	-	220,000	127,238	347,238
2041	-	-	225,000	119,813	344,813
2042	-	-	240,000	12,219	252,219
2043	-	-	245,000	104,119	349,119
2044	-	-	265,000	95,850	360,850
2045	-	-	270,000	86,906	356,906
2046	-	-	290,000	77,794	367,794
2047	-	-	300,000	68,006	368,006
2048	-	-	315,000	57,881	372,881
2049	-	-	325,000	47,250	372,250
2050	-	-	345,000	36,281	381,281
2051	-	-	355,000	24,638	379,638
2052	-	-	375,000	12,656	387,656
Total	<u>\$ 5,860,000</u>	<u>\$ 546,035</u>	<u>\$ 5,860,000</u>	<u>\$ 3,242,770</u>	<u>\$ 9,102,770</u>

The annual debt service requirements on the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**Larimer County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
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YEAR ENDED DECEMBER 31, 2022**

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Board of Directors  
Timnath Lakes Metropolitan District No. 1  
Larimer County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Timnath Lakes Metropolitan District No. 1 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Timnath Lakes Metropolitan District No. 1 as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## Other Matters

### Required Supplemental Information

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

### Supplementary Information

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

*Wipfli LLP*

Wipfli LLP  
Lakewood, Colorado

July 27, 2023

## **BASIC FINANCIAL STATEMENTS**

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 101
Cash and Investments - Restricted	40,153
Property Taxes Receivable	3,991
Due from Other Districts	3,006
Receivable from County Treasurer	661
Total Assets	47,912
<b>LIABILITIES</b>	
Due to Other Districts	101
Noncurrent Liabilities:	
Due in More than One Year	7,901,339
Total Liabilities	7,901,440
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	3,991
Total Deferred Inflows of Resources	3,991
<b>NET POSITION</b>	
Debt Service	43,820
Unrestricted	(7,901,339)
Total Net Position	\$ (7,857,519)

See accompanying Notes to Basic Financial Statements.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Primary Government:					
Government Activities:					
General Government	\$ 2,876,909	\$ -	\$ -	\$ -	\$ (2,876,909)
Interest and Related Costs on Long-Term Debt	407,310	-	-	-	(407,310)
Total Governmental Activities	<u>\$ 3,284,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(3,284,219)
<b>GENERAL REVENUES</b>					
Property Taxes					2,230
Specific Ownership Taxes					9,178
URA District Property Taxes					128,062
Net investment Income					1,915
Total General Revenues					<u>141,385</u>
<b>CHANGES IN NET POSITION</b>					
					(3,142,834)
Net Position - Beginning of Year					<u>(4,714,685)</u>
<b>NET POSITION - END OF YEAR</b>					
					<u>\$ (7,857,519)</u>

See accompanying Notes to Basic Financial Statements.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 101	\$ -	\$ 101
Cash and Investments - Restricted	-	40,153	40,153
Due from Other Districts	-	3,006	3,006
Receivable from County Treasurer	-	661	661
Property Tax Receivable	-	3,991	3,991
	<u>\$ 101</u>	<u>\$ 47,811</u>	<u>\$ 47,912</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Other Districts	\$ 101	\$ -	\$ 101
Total Liabilities	<u>101</u>	<u>-</u>	<u>101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	-	3,991	3,991
Total Deferred Inflows or Resources	<u>-</u>	<u>3,991</u>	<u>3,991</u>
<b>FUND BALANCES</b>			
Restricted for:			
Debt Service	-	43,820	43,820
Total Fund Balances	<u>-</u>	<u>43,820</u>	<u>43,820</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 101</u>	<u>\$ 47,811</u>	

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

Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable Series A and B	(7,899,965)
Unpaid Interest on Bonds Series B	(1,374)
Net Position of Governmental Activities	<u>\$ (7,857,519)</u>

See accompanying Notes to Basic Financial Statements.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 2,230	\$ 2,230
Specific Ownership Taxes	-	9,178	9,178
Net Investment Income	-	1,915	1,915
URA District Property Taxes	-	128,062	128,062
Total Revenues	-	141,385	141,385
<b>EXPENDITURES</b>			
County Treasurer's Fee	-	45	45
Intergovernmental Expenditures	-	2,876,864	2,876,864
Paying Agent Fees	-	7,000	7,000
Cost of Issuance	-	201,500	201,500
Total Expenditures	-	3,085,409	3,085,409
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(2,944,024)	(2,944,024)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Proceeds Series 2022A	-	5,313,965	5,313,965
Bond Proceeds Series 2022B	-	2,586,000	2,586,000
Repay to Escrow Account	-	(4,919,947)	(4,919,947)
Total Other Financing Sources	-	2,980,018	2,980,018
<b>NET CHANGE IN FUND BALANCES</b>	-	35,994	35,994
Fund Balances - Beginning of Year	-	7,826	7,826
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ 43,820	\$ 43,820

See accompanying Notes to Basic Financial Statements.



**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	35,994
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred amortized in the statement of activities.</p>		
Bond Principal Refunded - Series 2020A and 2020B		4,838,488
Bond Proceeds Series 2022A and 2022B		(7,899,965)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Bond Interest - Change in Liability on Series 2020B		39,455
Bond Interest - Change in Liability on Series 2022B		(1,374)
Bond Accretion - Series 2020A		<u>(155,432)</u>
Changes in Net Position of Governmental Activities	\$	<u><u>(3,142,834)</u></u>

See accompanying Notes to Basic Financial Statements.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Timnath Lakes Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Order and Decree of the District Court for Larimer County recorded on June 23, 2006 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized as “Timnath Farms North Metropolitan District No. 1” and subsequently changed its name effective as of September 10, 2020. The District was organized to provide financing for the design, acquisition, installation and construction of sanitation improvements, water improvements, street improvements, traffic and safety control improvements, park and recreation improvements, transportation improvements, television relay and translation improvements, mosquito control, fire protection, emergency medical services, and operation and maintenance of the District. The District was organized in conjunction with Timnath Lakes Metropolitan District No. 2 (“District No. 2”) and District No. 3 (“District No. 3”) pursuant to the Service Plans (“Original Service Plans”) approved by the Town Council of the Town of Timnath (“Town”). Subsequently Timnath Lakes Metropolitan District No. 4 (“District No. 4”), District No. 5 (“District No. 5”), and District No. 6 (“District No. 6”) were organized on August 5, 2020. The Original Service Plans were superseded by the Consolidated Amended and Restated Service Plan for Timnath Lakes Metropolitan District Nos. 1-6 (the “Districts”), approved by the Town on September 10, 2019 (“Service Plan”).

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District reports the following major governmental funds:

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

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

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

**Budgets**

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

The District amended its budget for the year ended December 31, 2022.

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

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

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

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

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

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

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

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 101
Cash and Investments - Restricted	<u>40,153</u>
Total Cash and Investments	<u><u>\$ 40,254</u></u>

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

Investments	<u>\$ 40,254</u>
Total Cash and Investments	<u><u>\$ 40,254</u></u>

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

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

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

As of December 31, 2022, the District had no deposits.

**Investments**

The District has adopted a formal investment policy that follows state statutes regarding investments.

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

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

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

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



**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 40,254

**CSAFE**

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

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	New Issues/ Accretion	Refundings/ Retirements	Balance at December 31, 2022	Due Within One Year
Bonds:					
General Obligation Bonds -					
Series 2020A	\$ 4,076,056	\$ 155,432	\$ 4,231,488	\$ -	\$ -
Series 2022A	-	5,313,965	-	5,313,965	-
Subordinate Bond -					
Series 2020B	607,000	-	607,000	-	-
Series 2022B	-	2,586,000	-	2,586,000	-
Accrued Interest on:					
Subordinate Bond - Series 2020B	39,455	42,004	81,459	-	-
Subordinate Bond - Series 2022B	-	1,374	-	1,374	-
Subtotal of Bonds Payable	<u>4,722,511</u>	<u>8,098,775</u>	<u>4,919,947</u>	<u>7,901,339</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 4,722,511</u>	<u>\$ 8,098,775</u>	<u>\$ 4,919,947</u>	<u>\$ 7,901,339</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2022 are as follows:

**General Obligation Limited Tax Convertible Capital Appreciation Refunding and Improvement Bonds**, Series 2022A (the Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds**, Series 2022B<sub>(3)</sub> (the Subordinate Bonds and together with the Senior Bonds, the Bonds).

The District issued the Senior Bonds on December 29, 2022, in the original principal amount of \$5,313,965 and appreciating to a principal amount of \$5,860,000. The District also issued the Subordinate Bonds on December 29, 2022, in the amount of \$2,586,000.

**Bond Proceeds**

Proceeds from the sale of the Bonds were be used to fund: (a) the costs of designing, acquiring, constructing and/or installing certain public improvements to serve the Development, and (b) the costs of issuing the Bonds. Proceeds from the Senior Bonds were also used to pay the costs of refunding the District's General Obligation Limited Tax Convertible Capital Appreciation Bonds, Series 2020A and Subordinate General Obligation Limited Tax Bonds, Series 2020B (collectively, the Refunded Bonds).

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Senior Bond Details**

The Senior Bonds were issued as capital appreciation bonds, convertible to current interest bonds on the Conversion Date (defined below). The Senior Bonds accrete in value at an annual yield equal to 3.375% from their date of issuance to December 1, 2025 (“the Accretion Period”). The accreted amount compounds semiannually on June 1 and December 1, beginning on June 1, 2023, to and including December 1, 2025. Such accreted amount, together with the original principal amount of the Senior Bonds, at conversion on December 1, 2025, will be \$5,860,000, assuming no redemptions prior to that date.

Upon conversion to current interest bonds, the Senior Bonds will bear interest at 3.375% per annum, payable semi-annually to the extent of Senior Pledged Revenue (defined below) on June 1 and December 1 (“Interest Payment Dates”), commencing on June 1, 2026. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2026. The Senior Bonds mature on December 1, 2052 (the “Senior Maturity Date”). To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or the Senior Bonds Termination Date of December 2, 2020 (the “Senior Termination Date”) and shall continue to bear interest at the rate then borne by the Senior Bonds. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date, at the rate then borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Senior Bonds.

**Senior Bonds Optional Redemption**

The Senior Bonds are subject to redemption prior to the Senior Maturity Date, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal redeemed as follows:

<u>Optional Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00
December 1, 2027 to November 30, 2028	1.00
December 1, 2028 and Thereafter	0.00

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Senior Bonds Mandatory Sinking Fund Redemption**

Annual mandatory sinking fund redemption payments on the Senior Bonds are due prior to the Senior Maturity Date, in part, by lot, upon payment of par and accrued interest, without redemption premium on December 1, beginning on December 1, 2026, in the years and amounts set forth on page 26.

**Senior Bonds Pledged Revenue**

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue. The Senior Indenture defines Senior Pledged Revenue as the moneys derived by the District from the following sources: 1) the Senior Required Mill Levy (defined below); 2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; 3) the TDA Agreement Revenues (defined below), as and to the extent received by and on behalf of the District; and 4) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue ("Senior Pledged Revenue").

**Senior Bonds Required Mill Levy**

The Senior Indenture defines the Senior Required Mill Levy, net of collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County, prior to the Conversion Date (defined below), as an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due, but (i) not in excess of 50 mills (As adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2019). For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation, less the amount of the Operations Mill Levy (defined below), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills less the amount of the Operations Mill Levy, or such lesser mill levy which will fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due and will fund the Surplus Fund up to the Maximum Surplus Amount ("Senior Required Mill Levy").

On or after the Conversion Date, the Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due, but not in excess of 60 mills, as adjusted, less the Operations Mill levy, as adjusted. The adjusted maximum and minimum mill levy for collection in 2023 is 50.980 mills. The Conversion Date is the first date on which the Debt to Assessed Ratio is 50% or less and no amounts of principal or interest on the Senior Bonds are due but unpaid ("Conversion Date"). The Operations Mill Levy is the number of mills necessary to produce the dollar amount of the Operations Deduction for the collection year ("Operations Mill Levy"). The Operations Deduction is the amount necessary to pay or reimburse the District's operations and maintenance expenses, but not in excess of the following: (i) for levy year 2023 (for collection in 2024), the amount of \$51,515, and (ii) for each year thereafter, an additional 1% ("Operations Deduction").

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Senior Surplus Fund**

The Senior Bonds are additionally secured by amounts in the Senior Surplus Fund. Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$531,397 (the “Maximum Surplus Amount”) for so long as any Senior Bond is outstanding. The District has acknowledged that State Law places certain restrictions on the use of Bond proceeds and debt service mill levies which may be credited to the Senior Surplus Fund. In the event the amounts credited to the Senior Bond Fund are insufficient to pay the principal of, premium if any, or interest on the Senior Bonds when due, the Trustee shall transfer from the Senior Surplus Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund, will be sufficient to make such payments when due.

**Subordinate Bonds Details**

The Subordinate Bonds are structured as “cash flow” bonds, meaning that there are no scheduled payments of principal or interest prior to the maturity date. Instead, principal is payable on each December 15, beginning on December 15, 2023, from and to the extent of available Subordinate Pledged Revenue (defined below), if any, pursuant to a mandatory redemption. The Subordinate Bonds mature on December 15, 2052 (the “Subordinate Maturity Date”). The Subordinate Bonds bear interest at 6.375% per annum, payable annually to the extent of Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2023. To the extent principal of any Subordinate Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the Subordinate Bond Termination Date of December 16, 2060 (the “Subordinate Termination Date”). To the extent interest on any Subordinate Bond is not paid when due, such unpaid interest shall compound annually on each December 15, at the interest rate then borne by the Subordinate Bond; provided, however, that notwithstanding anything in the Subordinate Indenture to the contrary, the District is not obligated to pay more than the amount permitted by law and the electoral authorization in repayment of the Subordinate Bonds.

**Subordinate Bonds Prior Redemption**

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

<u>Optional Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00
December 1, 2027 to November 30, 2028	1.00
December 1, 2028 and Thereafter	0.00

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subordinate Bonds Pledged Revenue**

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, generally defined in the Subordinate Indenture as: 1) the Subordinate Required Mill Levy (defined below); and 2) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; 3) the Subordinate TDA Agreement Revenues, as and to the extent received by the District, if any; 4) the amounts, if any, in the Senior Surplus Fund after the payment or defeasance of the Senior Bonds; and 5) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue (“Subordinate Pledged Revenue”). The Subordinate TDA Agreement Revenues are any revenue from the TDA Agreement Revenue remaining after deduction of any amount applied to the payment of any Senior Bonds.

**Subordinate Bonds Required Mill Levy**

The Subordinate Indenture defines the Subordinate Required Mill Levy, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County, as an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills (As adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2019. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.) less the amount of the Senior Bond Mill Levy and the Operations Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If the amount of the Senior Required Mill Levy and the Operations Mill Levy equals or exceeds 50 mills in any year, adjusted for changes as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

**Unused Lines of Credit**

The Series 2022 Bonds do not have any unused lines of credit.

**Collateral**

No assets have been pledged as collateral on the Series 2022 Bonds.

**Events of Default**

Events of default occur if the District fails to impose the Senior Required Mill Levy, or Subordinate Required Mill Levy, or to apply the Senior Pledged Revenues or Subordinate Pledged Revenues as required by the Senior and Subordinate Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

**Termination events**

Notwithstanding anything herein to the contrary, all of the Senior Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Senior Termination Date and all of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Subordinate Termination Date regardless of the amount of principal and interest paid prior to the Senior Termination Date and the Subordinate Termination Date.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Acceleration**

The Series 2022 Bonds are not subject to acceleration.

**Bonds Debt Service**

The annual debt service requirements on the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Bonded Debt		
	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	100,000	197,775	297,775
2027	105,000	194,400	299,400
2028-2032	645,000	913,275	1,558,275
2033-2037	840,000	791,775	1,631,775
2038-2042	1,085,000	634,164	1,719,164
2043-2047	1,370,000	432,675	1,802,675
2048-2052	1,715,000	178,706	1,893,706
Total	\$ 5,860,000	\$ 3,342,770	\$ 9,202,770

The annual debt service requirements on the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

**Refunding**

On December 29, 2022, the District refunded and paid \$4,312,947 of Convertible Capital Appreciation Bonds, Series 2020A, dated December 30, 2020 bearing interest at 3.5%, and \$607,000 of Subordinate General Obligation Limited Tax Bonds, Series 2020B, dated December 30, 2020 bearing interest at 6.5%, by the issuance of General Obligation Limited Tax Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2022A dated December 29, 2022, in the original principal amount of \$5,313,965 and appreciating to a principal amount of \$5,860,000 with an interest rate of 3.375%.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,290,380,000. At December 31, 2022, the District had authorized, but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2019 Election	Authorization Used for Series 2020A Bonds	Authorization Used for Series 2020B Bonds	Authorization Used for Series 2022A Bonds	Authorization Used for Series 2022B Bonds	Authorized But Unissued
Streets	\$ 99,260,000	\$ 1,477,000	\$ 212,450	\$ 132,123	\$ 938,718	\$ 96,499,709
Water	99,260,000	919,960	132,326	74,615	530,130	97,602,969
Sanitation	99,260,000	1,612,040	231,874	128,847	915,444	96,371,795
Parks and Recreation	99,260,000	113,940	16,389	17,835	126,714	98,985,122
Traffic and Safety	99,260,000	97,060	13,961	10,555	74,994	99,063,430
Mosquito Control	99,260,000	-	-	-	-	99,260,000
Public Transportation	99,260,000	-	-	-	-	99,260,000
Fire Protection	99,260,000	-	-	-	-	99,260,000
Television Relay and Translation	99,260,000	-	-	-	-	99,260,000
Security	99,260,000	-	-	-	-	99,260,000
Operations and Maintenance	99,260,000	-	-	-	-	99,260,000
Refunding	99,260,000	-	-	940,963	-	98,319,037
Intergovernmental Contracts	99,260,000	-	-	-	-	99,260,000
Total	<u>\$ 1,290,380,000</u>	<u>\$ 4,220,000</u>	<u>\$ 607,000</u>	<u>\$ 1,304,938</u>	<u>\$ 2,586,000</u>	<u>\$ 1,281,662,062</u>

Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$99,260,000. After the issuance of debt by both the District and District No. 3 in 2022, \$71,455,075 of the Service Plan authorization remains as of December 31, 2022.

**NOTE 5 NET POSITION**

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

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	Governmental
Debt Service	<u>Activities</u>
Total	<u>\$ 43,820</u>
	<u>\$ 43,820</u>

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



**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 6 DISTRICT AGREEMENTS**

**Facilities Funding, Construction and Operations Agreement**

On November 9, 2020, the District entered into a Facilities Funding, Construction and Operations Agreement (FFCOA) with District No. 2, District No. 3, District No. 4, District No. 5 and District No. 6 establishing certain expectations as to the financing, construction, operation and maintenance of improvements contemplated in the Service Plan for the purpose of providing, in a timely and coordinate fashion, essential services within the Districts.

Pursuant to the FFCOA, the District, District No. 2, District No. 3, District No. 4, and District No. 5 are “Consumer Districts,” and District No. 6 is the “Maintenance District.” Each Consumer District anticipates receiving revenues from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes, and, if imposed or assessed at the direction of the Maintenance District, the collection of fees, charges, rates, and tolls. All revenue received by the Consumer Districts will be transferred to the Maintenance District.

**TDA Agreement**

The Timnath Development Authority (“TDA”) adopted the Revised Timnath Urban Renewal Plan (as amended, the “Plan”) which details the TDA inclusion of parcels in the Plan for the purposes authorized in the Colorado Urban Renewal Law, including utilizing tax increment financing (“TIF Financing”) and the establishment of a Plan area (the “Urban Renewal Area”) which includes property located within the District’s boundaries. TIF Financing provides that taxes, if any, levied after the effective date of the approval of the Plan upon taxable property in the Urban Renewal Area each year shall be divided for a period not to exceed 25 years from the effective date of the Plan, and that a portion of property tax revenues (the “TIF Revenue”) shall be allocated to and paid into a special fund of the urban renewal authority to pay the principal of, interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by the urban renewal authority for financing an urban renewal project, or to make payments pursuant to an agreement.

The District is cooperating with the TDA to facilitate carrying out the Plan and urban renewal projects within the Urban Renewal Area. Accordingly, property tax revenues collected as a result of the District’s mill levy upon the incremental value of property within the District are payable to the TDA. The Districts and the TDA entered into a Cooperation Agreement, effective December 8, 2020 and recorded in the real property records of the Town on December 28, 2020 (“TDA Agreement”), pursuant to which the TDA agrees to remit any revenues collected from the District’s mill levy upon the tax increment portion of the District’s assessed valuation back to the District (the “TDA Agreement Revenues”). The TDA further agrees to transfer such incremental revenue to the District on or before June 20th of each year, commencing in 2021, all revenues attributable to the District received during the previous calendar year for a period of 25 years from the effective date of the Plan.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 7 RELATED PARTIES**

The majority of the members on the Board of Directors are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

**NOTE 8 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 9 RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 5, 2019, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, without regard to any limitations under TABOR.

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

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

## **SUPPLEMENTARY INFORMATION**

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,231	\$ 2,230	\$ 2,230	\$ -
Specific Ownership Taxes	156	9,178	9,178	-
Net Investment Income	4	1,914	1,915	1
URA District Property Taxes	126,070	128,062	128,062	-
Total Revenues	<u>128,461</u>	<u>141,384</u>	<u>141,385</u>	<u>1</u>
<b>EXPENDITURES</b>				
Cost of Issuance	-	201,500	201,500	-
URA Collection Fee	1,891	-	-	-
County Treasurer's Fee	45	45	45	-
Paying Agent Fees	-	7,000	7,000	-
Intergovernmental Expenditure	-	2,876,864	2,876,864	-
Contingency	48,064	9,644	-	9,644
Total Expenditures	<u>50,000</u>	<u>3,095,053</u>	<u>3,085,409</u>	<u>9,644</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	78,461	(2,953,669)	(2,944,024)	9,645
<b>OTHER FINANCING SOURCES (USES)</b>				
Repay to Escrow Account	-	(4,919,947)	(4,919,947)	-
Bond Proceeds 2022A	-	5,313,965	5,313,965	-
Bond Proceeds 2022B	-	2,586,000	2,586,000	-
Total Other Financing Sources	<u>-</u>	<u>2,980,018</u>	<u>2,980,018</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	78,461	26,349	35,994	9,645
Fund Balance - Beginning of Year	<u>1,189</u>	<u>7,826</u>	<u>7,826</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 79,650</u>	<u>\$ 34,175</u>	<u>\$ 43,820</u>	<u>\$ 9,645</u>

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2022**

\$5,313,965 Limited Tax General  
Obligation Convertible Capital Appreciation Bonds  
Series 2022A  
Interest 3.375%  
Dated December 29, 2022  
Interest Payable June 1 and December 1  
Principal Payable December 1

Bonds and Interest Maturing in the Year Ending December 31,	Account Bond				
	Balance	Accreted	Principal	Interest	Total
2022	\$ 5,313,965	\$ -	\$ -	\$ -	\$ -
2023	5,480,565	166,600	-	-	-
2024	5,667,089	186,524	-	-	-
2025	5,860,000	192,911	-	-	-
2026	-	-	100,000	197,775	297,775
2027	-	-	105,000	194,400	299,400
2028	-	-	115,000	190,856	305,856
2029	-	-	120,000	186,975	306,975
2030	-	-	130,000	182,925	312,925
2031	-	-	135,000	178,538	313,538
2032	-	-	145,000	173,981	318,981
2033	-	-	150,000	169,088	319,088
2034	-	-	160,000	164,025	324,025
2035	-	-	165,000	158,625	323,625
2036	-	-	180,000	153,056	333,056
2037	-	-	185,000	146,981	331,981
2038	-	-	195,000	140,738	335,738
2039	-	-	205,000	134,156	339,156
2040	-	-	220,000	127,238	347,238
2041	-	-	225,000	119,813	344,813
2042	-	-	240,000	112,219	352,219
2043	-	-	245,000	104,119	349,119
2044	-	-	265,000	95,850	360,850
2045	-	-	270,000	86,906	356,906
2046	-	-	290,000	77,794	367,794
2047	-	-	300,000	68,006	368,006
2048	-	-	315,000	57,881	372,881
2049	-	-	325,000	47,250	372,250
2050	-	-	345,000	36,281	381,281
2051	-	-	355,000	24,638	379,638
2052	-	-	375,000	12,656	387,656
Total	\$ 5,860,000	\$ 546,035	\$ 5,860,000	\$ 3,342,770	\$ 9,202,770

The annual debt service requirements on the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

**TIMNATH LAKES METROPOLITAN DISTRICT NO. 1  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	\$ 1,100	35.000	\$ 39	\$ 39	100.00%
2019	552	35.000	19	19	100.00
2020	375	50.350	19	19	100.00
2021	6,774	50.000	339	339	100.00
2022	44,618	50.000	2,231	2,230	99.96
Estimated for Year Ending December 31, 2023	\$ 78,294	50.980	\$ 3,991		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.