

**THOMPSON CROSSING
METROPOLITAN DISTRICT NO. 6
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thompson Crossing Metropolitan District No. 6
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Thompson Crossing Metropolitan District No. 6 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information and the basic financial statements, or the Other Information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

Duzzio & Associates, P.C.

June 24, 2024

BASIC FINANCIAL STATEMENTS

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 62,727
Cash and Investments - Restricted	353,574
Receivable from County Treasurer	1,948
Property Tax Receivable	435,415
Total Assets	853,664
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	115,729
Total Deferred Outflows of Resources	115,729
LIABILITIES	
Accounts Payable	4,000
Due to Thompson Crossing No. 3	2,843
Accrued Interest Payable	13,963
Noncurrent Liabilities:	
Due Within One Year	85,000
Due in More Than One Year	3,787,120
Total Liabilities	3,892,926
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	435,415
Total Deferred Inflows of Resources	435,415
NET POSITION	
Restricted for:	
Emergency Reserve	600
Debt Service	37,429
Unrestricted	(3,396,977)
Total Net Position	\$ (3,358,948)

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	-	Governmental Activities	Governmental Activities
FUNCTIONS/PROGRAMS Primary Government: Governmental Activities: General Government Interest on Long-Term Debt and Related Costs Total Governmental Activities	\$ 158,591 169,503 \$ 328,094	\$ - - \$ -	- - -	\$ - - \$ -	\$ (158,591) (169,503) (328,094)
GENERAL REVENUES					
Property Taxes					417,060
Specific Ownership Taxes					30,043
Interest Income					24,673
Total General Revenues and Transfers					471,776
CHANGES IN NET POSITION					
Net Position - Beginning of Year					143,682
					(3,502,630)
NET POSITION - END OF YEAR					\$ (3,358,948)

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 62,727	\$ -	\$ 62,727
Cash and Investments - Restricted	600	352,974	353,574
Receivable from County Treasurer	781	1,167	1,948
Property Taxes Receivable	200,702	234,713	435,415
Total Assets	\$ 264,810	\$ 588,854	\$ 853,664
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 4,000	\$ 4,000
Due to Thompson Crossing No. 3	2,843	-	2,843
Total Liabilities	2,843	4,000	6,843
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	200,702	234,713	435,415
Total Deferred Inflows of Resources	200,702	234,713	435,415
FUND BALANCES			
Restricted for:			
Emergency Reserves	600	-	600
Debt Service	-	350,141	350,141
Assigned for:			
Subsequent Year's Expenditures	760	-	760
Capital Enhancements	59,931	-	59,931
Total Fund Balances	61,265	350,141	411,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 264,810	\$ 588,854	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(3,625,000)
Bond Premium	(247,120)
Cost of Refunding	115,729
Accrued Interest Payable on Bonds	(13,963)
Net Position of Governmental Activities	\$ (3,358,948)

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 167,224	\$ 249,836	\$ 417,060
Specific Ownership Taxes	12,046	17,997	30,043
Interest Income	202	24,471	24,673
Total Revenues	<u>179,472</u>	<u>292,304</u>	<u>471,776</u>
EXPENDITURES			
Current:			
County Treasurer's Fees	3,349	5,003	8,352
Transfer to District No. 3 - Operations	155,242	-	155,242
Debt Service:			
Bond Interest - Series 2020	-	169,800	169,800
Bond Principal - Series 2020	-	75,000	75,000
Paying Agent/Trustee Fees	-	4,000	4,000
Total Expenditures	<u>158,591</u>	<u>253,803</u>	<u>412,394</u>
NET CHANGE IN FUND BALANCES	20,881	38,501	59,382
Fund Balances - Beginning of Year	<u>40,384</u>	<u>311,640</u>	<u>352,024</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 61,265</u></u>	<u><u>\$ 350,141</u></u>	<u><u>\$ 411,406</u></u>

See accompanying Notes to Basic Financial Statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	59,382
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal Payment		75,000
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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.

Accrued Interest on Bonds Payable - Change in Liability		187
Amortization of Bond Premium		17,140
Amortization of Cost of Bond Refunding		<u>(8,027)</u>

Changes in Net Position of Governmental Activities	\$	<u>143,682</u>
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**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 167,224	\$ 167,224	\$ -
Specific Ownership Taxes	11,706	12,046	340
Interest Income	50	202	152
Total Revenues	<u>178,980</u>	<u>179,472</u>	<u>492</u>
EXPENDITURES			
Capital Enhancements	25,000	-	25,000
County Treasurer's Fees	3,344	3,349	(5)
Transfer to District No. 3 - Operations	154,783	155,242	(459)
Total Expenditures	<u>183,127</u>	<u>158,591</u>	<u>24,536</u>
NET CHANGE IN FUND BALANCE	(4,147)	20,881	25,028
Fund Balance - Beginning of Year	<u>40,372</u>	<u>40,384</u>	<u>12</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 36,225</u></u>	<u><u>\$ 61,265</u></u>	<u><u>\$ 25,040</u></u>

See accompanying Notes to Basic Financial Statements.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Thompson Crossing Metropolitan District No. 6 (the 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 on November 9, 2005 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the construction, installation, financing, and operation of public improvements, including streets, traffic safety controls, water, sanitary sewer, storm drainage, television relay and translator, transportation, park and recreation facilities, and mosquito control within the District.

Under the Modified Consolidated Service Plan dated August 20, 2001, as modified on October 3, 2005, the District was organized in conjunction with five other related districts, Thompson Crossing Metropolitan District No. 1 (Control District), Thompson Crossing Metropolitan District No. 2 (Commercial District), Thompson Crossing Metropolitan District No. 3 (Operating District), Thompson Crossing Metropolitan District No. 4 (Financing District), and Thompson Crossing Metropolitan District No. 5 (Financing District) (collectively, the Districts). The District serves as a financing district for Thompson Crossing Metropolitan District No. 3. The District's service area is located entirely within the Town of Johnstown (the Town), Larimer County, Colorado.

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

The District has no employees, and contracts for all of its management and professional services.

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 property taxes and intergovernmental revenues.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function 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 the 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, specific ownership taxes, and Development Fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

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

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization (Continued)

Cost of Bond Refunding

In the government-wide financial, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense, and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, cost of refunding, is deferred and recognized as an outflow of resources in the period that the amounts are incurred.

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 assets 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.

District Fees

The District and Thompson Crossing Metropolitan District No. 4 adopted a maintenance fee in the amount of \$85 per month per lot to maintain common areas within the boundaries of the Thompson River Ranch Filing Nos. 9 and 12, which is paid to Thompson Crossing Metropolitan District No. 3 to fund the applicable portion of the cost of the Thompson Crossing Metropolitan District No. 3's maintenance activities related thereto. The District and Thompson Crossing District No. 4 adopted a Second Amended and Restated Joint Resolution of Thompson Crossing Metropolitan District Nos. 4 & 6 Imposing a Monthly Maintenance Fee for Thompson River Ranch Carriage House on February 27, 2023 and March 13, 2023 which raises the fee to \$110 per month, effective April 1, 2023.

Equity

Net Position

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

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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

Statement of Net Position:

Cash and Investments	\$ 62,727
Cash and Investments - Restricted	353,574
Total Cash and Investments	\$ 416,301

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Investments	<u>\$ 416,301</u>
Total Cash and Investments	<u><u>\$ 416,301</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2023, the District did not have any cash deposits.

Investments

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

The District generally limits its concentration of investments to those 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . 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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 416,301

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.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
General Obligation Limited Tax Bonds Series 2020	\$ 3,700,000	\$ -	\$ 75,000	\$ 3,625,000	\$ 85,000
Bond Premium - Series 2020	264,260	-	17,140	247,120	-
Total Long-Term Obligations	<u>\$ 3,964,260</u>	<u>\$ -</u>	<u>\$ 92,140</u>	<u>\$ 3,872,120</u>	<u>\$ 85,000</u>

The details of the District's long-term obligations are as follows:

\$3,835,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2020

On November 6, 2020, the District issued \$3,835,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2020 (the 2020 Bonds). The proceeds from the 2020 Bonds were used to (a) reimburse certain costs of Public Improvements, (b) refund the 2015A Senior Bonds in the principal amount of \$2,840,000 which had an interest rate of 6.00% and the 2015B Subordinate Bonds in the principal amount of \$784,000 and had an interest rate of 7.75% (together, the Refunded Bonds), (c) fund the Reserve Fund, and (d) pay the costs of issuing the 2020 Bonds and refunding the Refunded Bonds. The average interest rate on the 2020 Bonds is 4.34%.

The 2020 Bonds bear interest at rates ranging from 3.0% to 5.0%, payable semi-annually to the extent of Pledged Revenue available on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The 2020 Bonds mature on December 1, 2044.

In the event principal on the Bonds is not paid when due, such principal shall remain outstanding and continue to bear interest at the rate then borne by the Bonds. To the extent interest on the Bonds is not paid when due, such unpaid interest will compound semiannually on each June 1 and December 1, at the interest rate borne by the Bonds.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$3,835,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2020 (Continued)

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, generally consisting of moneys derived from:

- (a) the Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

Prior to the time that the District's Debt to Assessed Value Ratio is 50% or less (the Conversion Date), the 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 and interest on the Bonds as they become due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after August 20, 2001). The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. The current maximum mill levy, as adjusted, is 65.726.

On and after the Conversion Date, the Required Mill Levy shall be unlimited and imposed in such amount as is necessary to pay the Bond Requirements as they come due and to replenish the Reserve Fund to the amount of the Required Reserve, if necessary.

Debt to Assessed Ratio

The Debt to Assessed Ratio is derived by dividing the sum of the then-outstanding principal amount of all general obligation debt of the District by the assessed valuation of the taxable property of the District.

Reserve Fund

The Bonds are further secured by the Reserve Fund in the Required Reserve Amount of \$298,750. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as the Bonds are outstanding.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$3,835,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2020 (Continued)

Reserve Fund (Continued)

The District's long-term obligations, excluding the Subordinate Bonds which payments cannot be determined with certainty, will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 85,000	\$ 167,550	\$ 252,550
2025	85,000	165,000	250,000
2026	95,000	162,450	257,450
2027	95,000	159,600	254,600
2028	105,000	156,750	261,750
2029-2033	605,000	726,550	1,331,550
2034-2038	840,000	559,750	1,399,750
2039-2043	1,140,000	321,750	1,461,750
2044	575,000	28,750	603,750
Total	<u>\$ 3,625,000</u>	<u>\$ 2,448,150</u>	<u>\$ 6,073,150</u>

Authorized Debt

On November 1, 2005, District voters approved debt authorization in the amount of \$520,000,000 for the construction of capital improvements, with an additional \$65,000,000 for refunding debt. The voters also authorized debt of \$65,000,000 for the cost of operating and maintaining the District's systems.

The Modified Consolidated Service Plan dated October 3, 2005, limits the total principal amount of obligations that the Districts may have outstanding in aggregate at any one time to \$65,000,000, provided that in the case where obligations of the Financing Districts are supporting revenue bonds of the Control District, the Control District revenue bonds shall not be counted. At December 31, 2023, the total outstanding principal obligations of the Districts were \$54,350,000, which includes \$19,455,000 of debt in Thompson Crossing Metropolitan District No. 2 and \$31,270,000 in Thompson Crossing Metropolitan District No. 4.

The District had authorized but unissued debt at December 31, 2023, for the following detailed purposes:

	<u>Authorized November 1, 2005 Election</u>	<u>Authorization Used Series 2015A</u>	<u>Authorization Used Series 2015B</u>	<u>Authorization Used Series 2020</u>	<u>Remaining at December 31, 2023</u>
Water	\$ 65,000,000	\$ 519,400	\$ 140,400	\$ 73,519	\$ 64,266,681
Sanitary/Storm Sewer	65,000,000	1,188,700	321,350	168,272	63,321,678
Streets	65,000,000	1,059,650	286,500	150,023	63,503,827
Parks and Recreation	65,000,000	132,250	35,750	18,721	64,813,279
Traffic and Safety	65,000,000	-	-	-	65,000,000
Operations/Maintenance	65,000,000	-	-	-	65,000,000
Debt Refunding	65,000,000	-	-	-	65,000,000
Television Relay	65,000,000	-	-	-	65,000,000
Public Transportation	65,000,000	-	-	-	65,000,000
Mosquito Control	65,000,000	-	-	-	65,000,000
Total	<u>\$ 650,000,000</u>	<u>\$ 2,900,000</u>	<u>\$ 784,000</u>	<u>\$ 410,535</u>	<u>\$ 645,905,465</u>

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$3,835,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2020 (Continued)

Authorized Debt (Continued)

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area.

NOTE 5 NET POSITION

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

Restricted net position includes assets 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, 2023 as follows:

	Governmental Activities
Emergencies	\$ 600
Debt Service Reserve	37,429
Total Restricted Net Position	\$ 38,029

The District has a deficit in unrestricted net position. This deficit amount is 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.

NOTE 6 RELATED PARTIES

Some of the members of the Board of Directors during 2023 were employees of, or consultants to, Clayton Properties Group II, Inc., a Colorado corporation doing business as Oakwood Homes and the major landowner, developer, and home builder of the property within the District and Thompson Crossing Metropolitan District Nos. 3, 4, and 5, and may have conflicts of interest in dealing with the District.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 DISTRICT AGREEMENTS

District Facilities Construction and Service Intergovernmental Agreement

On June 29, 2006, Thompson Crossing Metropolitan District No. 3 (Operating District) entered into a District Facilities Construction and Service Intergovernmental Agreement with Thompson Crossing Metropolitan District No. 4 and Thompson Crossing Metropolitan District No. 5 (Financing Districts). The District Facilities Construction and Service Intergovernmental Agreement was amended and restated on May 21, 2008, to include the District as a Financing District (the Amended Agreement). Under the Amended Agreement, the Operating District will, on behalf of the Financing Districts, contract for and supervise the construction and acquisition of District facilities. The Operating District shall own all the facilities and shall be responsible for the operation and maintenance of all facilities.

The District facilities are to be financed from the proceeds of general obligation indebtedness to be issued by the Financing Districts. The Financing Districts shall provide for the payment of the capital and service costs or, at the option of any Financing District, may make annual payments to an escrow account for capital costs and to a service fund account for service costs. The amount of payment due under the annual payment option shall not be less than the amounts set forth in the final budget for the budget year, as prepared by the Operating District and approved by the Financing Districts. Once payments have been made to the Operating District, the Operating District shall have sole authority to withdraw monies from the accounts but shall account to the Financing Districts for funds withdrawn and payments made.

The financial obligations of the Financing Districts under this Amended Agreement are general obligations of the Financing Districts and shall be payable from ad valorem taxes generated as a result of the certification by the Financing Districts of a mill levy, except as they may actually be paid from other revenues. The Boards of the Financing Districts shall annually determine, fix, and certify a rate of levy for ad valorem taxes which, when added to other funds of the Financing Districts, will be sufficient to promptly and fully pay the amounts to be paid under this agreement, as well as all other general obligation indebtedness of the Financing Districts, as the same become due.

During 2023, the District transferred \$155,242 of service costs to the Operating District under this agreement.

The District certified a general mill levy of 31.430 mills for 2023, of which 4.000 mills were retained to fund capital and/or landscape enhancements within the District. The revenue generated from the 4.000 mills is retained by the District and separate from the revenues collected and transferred to the Operating District under this agreement.

NOTE 8 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.

THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 RISK MANAGEMENT (CONTINUED)

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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 transfers a portion of its operating revenue to the Operating District. Therefore, the Emergency Reserves related to the District's revenues transferred are reported in the Operating District.

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.

On November 1, 2005, the District voters passed an election question to increase property taxes \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue annually, other than ad valorem taxes, without regard to any limitations under TABOR.

SUPPLEMENTARY INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 249,836	\$ 249,836	\$ -
Specific Ownership Taxes	17,489	17,997	508
Interest Income	4,800	24,471	19,671
Total Revenues	<u>272,125</u>	<u>292,304</u>	<u>20,179</u>
EXPENDITURES			
Bond Interest - Series 2020	169,800	169,800	-
Bond Principal - Series 2020	75,000	75,000	-
Contingency	2,203	-	2,203
County Treasurer's Fees	4,997	5,003	(6)
Paying Agent/Trustee Fees	4,000	4,000	-
Total Expenditures	<u>256,000</u>	<u>253,803</u>	<u>2,197</u>
NET CHANGE IN FUND BALANCE	16,125	38,501	22,376
Fund Balance - Beginning of Year	<u>307,428</u>	<u>311,640</u>	<u>4,212</u>
FUND BALANCE - END OF YEAR	<u>\$ 323,553</u>	<u>\$ 350,141</u>	<u>\$ 26,588</u>

OTHER INFORMATION

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2019	\$ 3,792,246	26.533	63.541	\$ 341,583	\$ 341,583	100.00 %
2020	4,098,804	26.718	63.985	371,774	371,228	99.85 %
2021	5,147,612	30.718	43.957	384,398	384,410	100.00 %
2022	5,143,877	30.718	46.957	399,551	399,551	100.00 %
2023	5,320,519	31.430	46.957	417,060	417,060	100.00 %
Estimated for Year Ending December 31, 2024	\$ 6,183,648	32.457	37.957	435,415		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

	\$3,835,000		
	General Obligation Limited Tax Convertible to Unlimited Tax Refunding and Improvement Bonds		
	Series 2020		
	Dated November 6, 2020		
	Interest Rate of 3.00-5.00%		
	Payable June 1 and December 1		
Bonds and Interest Maturing in the Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 85,000	\$ 167,550	\$ 252,550
2025	85,000	165,000	250,000
2026	95,000	162,450	257,450
2027	95,000	159,600	254,600
2028	105,000	156,750	261,750
2029	105,000	153,600	258,600
2030	115,000	150,450	265,450
2031	120,000	147,000	267,000
2032	130,000	141,000	271,000
2033	135,000	134,500	269,500
2034	150,000	127,750	277,750
2035	155,000	120,250	275,250
2036	170,000	112,500	282,500
2037	175,000	104,000	279,000
2038	190,000	95,250	285,250
2039	200,000	85,750	285,750
2040	215,000	75,750	290,750
2041	225,000	65,000	290,000
2042	245,000	53,750	298,750
2043	255,000	41,500	296,500
2044	575,000	28,750	603,750
Total	<u>\$ 3,625,000</u>	<u>\$ 2,448,150</u>	<u>\$ 6,073,150</u>