

WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2024**

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Board of Directors
Willow Springs Estates Metropolitan District
Jefferson County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Willow Springs Estates Metropolitan District (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Willow Springs Estates Metropolitan District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (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.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

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.

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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.

Other Information

Management is responsible for the other information included in our 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, accordingly, we do not express an opinion or provide any assurance on them.

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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

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**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 6,718
Property Taxes Receivable	94,242
Capital Assets, Not Being Depreciated	3,345,197
Total Assets	3,446,157
LIABILITIES	
Accounts Payable	25,497
Noncurrent Liabilities:	
Due in More Than One Year	3,642,742
Total Liabilities	3,668,239
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	94,242
Total Deferred Inflows of Resources	94,242
NET POSITION	
Unrestricted	(316,324)
Total Net Position	\$ (316,324)

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 74,047	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	242,545	-	-	-	
Total Governmental Activities	\$ 316,592	\$ -	\$ -	\$ -	
GENERAL REVENUES					
Net Investment Income				268	
Total General Revenues				268	
CHANGE IN NET POSITION				(316,324)	
Net Position - Beginning of Year				-	
NET POSITION - END OF YEAR				\$ (316,324)	

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,450	\$ -	5,268	\$ 6,718
Property Taxes Receivable	36,247	57,995	-	94,242
Total Assets	\$ 37,697	\$ 57,995	\$ 5,268	\$ 100,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 16,581	\$ -	\$ 8,916	\$ 25,497
Total Liabilities	16,581	-	8,916	25,497
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	36,247	57,995	-	94,242
Total Deferred Inflows of Resources	36,247	57,995	-	94,242
FUND BALANCES				
Unassigned	(15,131)	-	(3,648)	(18,779)
Total Fund Balances	(15,131)	-	(3,648)	(18,779)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 37,697	\$ 57,995	\$ 5,268	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				3,345,197
Long-term liabilities, including Developer advances payable and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(2,250,000)
Accrued Interest Payable - Bonds				(31,032)
Developer Advance Payable				(1,298,197)
Developer Advance Payable - Accrued Interest				(63,513)
Net Position of Governmental Activities				\$ (316,324)

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Net Investment Income	\$ -	\$ 268	\$ 268
Total Revenues	-	268	268
EXPENDITURES			
General:			
Accounting	19,252	-	19,252
Dues	225	-	225
Insurance	1,838	-	1,838
Legal	26,253	-	26,253
Website	1,450	-	1,450
Bond Issue Costs	-	148,000	148,000
Capital Projects:			
Engineering	-	25,029	25,029
Capital Outlay	-	3,345,197	3,345,197
Total Expenditures	49,018	3,518,226	3,567,244
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,018)	(3,517,958)	(3,566,976)
OTHER FINANCING SOURCES (USES)			
Developer Advance	50,000	3,498,197	3,548,197
Repay Developer Advances	-	(2,250,000)	(2,250,000)
Bond Issuance	-	2,250,000	2,250,000
Transfer to/from Other Fund	(16,113)	16,113	-
Total Other Financing Sources (Uses)	33,887	3,514,310	3,548,197
NET CHANGE IN FUND BALANCES	(15,131)	(3,648)	(18,779)
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES (DEFICITS) - END OF YEAR	\$ (15,131)	\$ (3,648)	\$ (18,779)

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Governmental Funds \$ (18,779)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 3,345,197

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

Bond Issuance (2,250,000)
Developer Advances (3,548,197)
Repayment of Developer Advance - Infrastructure 2,250,000

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 - Change in Liability (31,032)
Accrued Interest on Developer Advance - Change in Liability (63,513)

Change in Net Position of Governmental Activities \$ (316,324)

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
General:			
Accounting	25,000	19,252	5,748
Insurance	2,500	1,838	662
District Management	20,000	-	20,000
Legal	35,000	26,253	8,747
Miscellaneous Expenses	2,000	-	2,000
Dues and Licenses	500	225	275
Website	-	1,450	(1,450)
Contingency	5,000	-	5,000
Total Expenditures	<u>90,000</u>	<u>49,018</u>	<u>40,982</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,000)	(49,018)	40,982
OTHER FINANCING SOURCES (USES)			
Developer Advances	90,000	50,000	(40,000)
Transfers to Other Funds	-	(16,113)	(16,113)
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>33,887</u>	<u>(56,113)</u>
NET CHANGE IN FUND BALANCE	-	(15,131)	(15,131)
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (15,131)</u>	<u>\$ (15,131)</u>

See accompanying Notes to Basic Financial Statements.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

Willow Springs Estates Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Jefferson County, Colorado recorded on December 20, 2023, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the unincorporated Jefferson County, Colorado. The District was established to provide planning, design, acquisition, installation, construction relocation, redevelopment, financing, and completion of public improvements and services, including water, stormwater, sanitation, streets, traffic and safety protection, parks and recreation, transportation, television relay and translation and mosquito and pest control.

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.

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 inter-governmental revenues.

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.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 District 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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.

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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, *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 District'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.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund and Capital Projects Fund reported deficits in the fund financial statements as of December 31, 2024. The deficits will be eliminated with the receipt of funds advanced by the Developer in 2025.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 6,718
Total Cash and Investments	\$ 6,718

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

Deposits with Financial Institutions	\$ 1,450
Investments	5,268
Total Cash and Investments	\$ 6,718

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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.

At December 31, 2024, the District's cash deposits had a bank balance and a carrying balance of \$1,450.

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 Revised 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

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2024, the District has the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Investco Treasury Portfolio	Weighted-Average Under 60 Days	<u>\$ 5,268</u>

Investco Treasury Portfolio

Funds held in trust by BOK Financial were invested in the Investco Treasury Portfolio, rated AAAM by Standard & Poors, which is Invests primarily in short-term, high-credit-quality money market instruments that are direct obligations of the U.S. Treasury and repurchase agreements backed by Treasury obligations. The fund is designed for short – to medium-term cash investments, operating cash, cash sweeps and the liquidity components of investment portfolios. The fund aims to preserve capital, maintain liquidity and produce a competitive yield. The fund is rated AAAM by Standard & Poor’s and Aaa-mf by Moody’s.

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in capital assets for the year ended December 31, 2024:

<u>By Classification</u>	<u>Balance - December 31, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance - December 31, 2024</u>
Capital Assets, Not Being Depreciated:				
Construction in Process	\$ -	\$ 3,345,197	\$ -	\$ 3,345,197
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 3,345,197</u>	<u>\$ -</u>	<u>\$ 3,345,197</u>

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2024:

	Balance - December 31, 2023	Additions	Reductions	Balance - December 31, 2024	Due Within One Year
Limited Tax General Obligation					
Bonds:					
Series 2024	\$ -	\$ 2,250,000	\$ -	\$ 2,250,000	\$ -
Accrued Interest	-	31,032	-	31,032	-
Subtotal of Bonds Payable	-	2,281,032	-	2,281,032	-
Other Debts:					
Developer Advances - O&M	-	50,000	-	50,000	-
Developer Advances - Infrastructure	-	3,498,197	2,250,000	1,248,197	-
Accrued Interest on Developer Advances - O&M	-	388	-	388	-
Accrued Interest on Developer Advances - Infrastructure	-	63,125	-	63,125	-
Subtotal of Other Debts	-	3,611,710	2,250,000	1,361,710	-
Total	\$ -	\$ 5,892,742	\$ 2,250,000	\$ 3,642,742	\$ -

General Obligation Limited Tax Bonds, Series 2024 (the “Bonds”)

On October 1, 2024, the District issued \$2,250,000 in Series 2024 General Obligation Limited Tax Bonds (“Bonds”). The Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, the Bonds will bear interest at the rate of 5.500% per annum payable annually on each December 1, commencing December 1, 2024, from, and to the extent of available Pledged Revenue (defined below). The Bonds mature on December 1, 2054.

The Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2064 (the “Termination Date”), regardless of the amount of principal and interest paid prior to the Termination Date. The Bonds were issued for the purpose of (i) paying and reimbursing the Project Costs; and (ii) paying costs incurred in connection with the issuance of the Bonds.

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, at any time upon payment of par, and accrued interest, with no redemption premium.

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. Property Tax Revenues means all monies derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy

The Indenture generally defines “Required Mill Levy” as an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 32.000 mills less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full; provided however, that (i) if, on or after January 1, 2023, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; and (ii) any such increases as described in this paragraph shall be subject to a maximum of 50.000 mills. For purposes of the foregoing, a change in the ratio of valuation and any constitutional or legislative changes in the actual value against which the assessment rate is applied shall be deemed to be a change in the method of calculating assessed valuation.

Bonds Debt Service

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

Unused Lines of Credit

The Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Bonds.

Events of Default

Events of default occur if the Districts fail to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Acceleration

The Bonds are not subject to acceleration.

Debt Authorization

At an election held November 7, 2023, a majority of the qualified electors of the District who voted in the elections authorized indebtedness to construct and maintain certain public improvements as follows.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

	Authorized November 7, 2023 Election	Authorization Used, Series 2024 Bonds	Remaining at December 31, 2024
Water	\$ 3,600,000	\$ 337,500	\$ 3,262,500
Street	3,600,000	1,237,500	2,362,500
Fire Protection	3,600,000	-	3,600,000
Security	1,000,000	-	1,000,000
Park and Recreation	3,600,000	-	3,600,000
Sanitation	3,600,000	675,000	2,925,000
Mosquito Control	1,000,000	-	1,000,000
Public Transportation	3,600,000	-	3,600,000
Intergovernmental Agreements	3,600,000	-	3,600,000
Private Agreements	3,600,000	-	3,600,000
Refunding of Debt	23,600,000	-	23,600,000
Operations and Maintenance	3,600,000	-	3,600,000
Special Assesment	3,600,000	-	3,600,000
	<u>\$ 61,600,000</u>	<u>\$ 2,250,000</u>	<u>\$ 59,350,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$3,600,000. Following the issuance of the Series 2024 Bonds, there is \$1,350,000 debt authorization remaining. The limitations of the Service Plan may be modified or amended only with the approval of the County and as otherwise provided in the Special District Act.

NOTE 6 NET POSITION

The District has a deficit in unrestricted net position. This deficit amount is due to costs of issuing the Bonds and operations advanced by Developer.

NOTE 7 RELATED PARTIES

The Developer of the property is WSE Morrison, LLC. All of the members of the Board of Directors are employee, owners or otherwise associated with the Developer, and potential conflicts of interest in dealing with the District have been disclosed in accordance with State law.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS

Funding and Reimbursement Agreement (Operations and Maintenance)

On January 24, 2024, the District entered into Advance and Reimbursement Agreement (the FRA) with WSE Morrison, LLC (the Developer), to repay advances made by the Developer for operations costs of the District. Pursuant to the FRA, the Developer agreed to advance or expend funds on behalf of the District in the maximum advance amount of \$50,000 per annum (the "Annual Loan Cap") for two years, up to \$100,000, which funds would be available to the District through December 31, 2024. The District agreed to repay Developer for such advances plus accrued interest at the rate of 2.00%. The parties agreed and acknowledged that the Developer has incurred costs on behalf of the District prior to execution of the FRA in anticipation that the same would be reimbursed by the District. The parties may terminate the FRA by mutual written agreement. Unless earlier terminated, the FRA shall be in effect until the end of the fiscal year in which the FRA was executed and shall automatically renew for an additional one-year period at the end of that fiscal year and each fiscal year thereafter, provided, however, the FRA and any obligation of the District to reimburse the Developer shall expire on the date that is twenty (20) years after the Effective Date (the Termination Date).

In the event the District has not reimbursed the Developer for any advances made pursuant to the FRA on such Termination Date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. On November 19, 2024, the parties entered into a First Amendment to the FRA to increase the Annual Loan Cap to \$100,00 for two years, which funds would be available to the District through December 31, 2025. As of December 31, 2024, the total amount owed by the District under the Agreement was \$50,000, and \$388 of accrued interest.

Infrastructure Acquisition and Reimbursement Agreement

On January 24, 2024, the District entered into Infrastructure Acquisition and Reimbursement Agreement (the "IARA") with Developer. The IARA establishes the terms and conditions under which the Developer may construct and convey Public Improvements to the District, and the District may reimburse the Developer for Certified District Eligible Costs associated with such improvements. The IARA acknowledges that the District may not have immediate funding available to construct the Public Improvements. In alignment with the District's Service Plan, the IARA provides a mechanism for the Developer to advance or expend funds for infrastructure improvements and seek reimbursement from the District upon certification and acceptance of those improvements. Reimbursement is subject to compliance with applicable engineering standards, statutory requirements, and district resolutions. The Developer must submit detailed documentation, including cost certifications and legal title transfers, for review and approval. Only improvements that meet the eligibility criteria and procedural requirements outlined in the IARA are reimbursable. The District is authorized to accept Public Improvements and Certified District Eligible Costs for reimbursement, provided all conditions precedent are satisfied.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement (Continued)

With respect to Certified District Eligible Costs recognized prior to the issuance of Reimbursement Obligations, simple interest will accrue on unpaid Certified District Eligible Costs at the MMD Interest Rate. Such interest is accrued from the date of adoption of District Acceptance Resolution to the earlier of the date Reimbursement Obligation is issued to evidence the Certified District Eligible Cost, or of repayment in full of the applicable Certified District Eligible Costs.

As of December 31, 2024, the total amount owed by the District under the IARA was \$1,248,197, and \$63,125 of accrued interest.

NOTE 9 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures without advances from the Developer. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 10 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). 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.

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' 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 11 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 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.

On November 7, 2023, a majority of the District's electors authorized the District to impose property taxes up to \$5,000,000 annually to pay the District's administration and operations and maintenance expenses, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S. Additionally, the District's electors authorized the District to collect, spend or retain all revenue 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. As of December 31, 2024, the District did not provide emergency reserve because all revenues came from advances (loan) from Developer.

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

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 268	\$ 268
Other Revenue	566,000	-	(566,000)
Total Revenues	<u>566,000</u>	<u>268</u>	<u>(565,732)</u>
EXPENDITURES			
General:			
Accounting	10,000	-	10,000
Legal	10,000	-	10,000
Contingency	566,000	-	566,000
Bond Issue Costs	180,000	148,000	32,000
Capital Projects:			
Engineering	10,000	25,029	(15,029)
Capital Outlay	2,612,000	3,345,197	(733,197)
Total Expenditures	<u>3,388,000</u>	<u>3,518,226</u>	<u>(130,226)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,822,000)	(3,517,958)	(695,958)
OTHER FINANCING SOURCES (USES)			
Developer Advances	2,612,000	3,498,197	886,197
Repay Developer Advances	(2,612,000)	(2,250,000)	362,000
Transfers from Other Fund	-	16,113	16,113
Bond Issuance	2,822,000	2,250,000	(572,000)
Total Other Financing Sources (Uses)	<u>2,822,000</u>	<u>3,514,310</u>	<u>692,310</u>
NET CHANGE IN FUND BALANCE	-	(3,648)	(3,648)
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (3,648)</u>	<u>\$ (3,648)</u>

OTHER INFORMATION

**WILLOW SPRINGS ESTATES METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2024**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2024	\$ -	0.000	0.000	\$ -	\$ -	0.00%
Estimated for the Year Ending December 31, 2025	\$ 1,812,333	20.000	32.000	\$ 94,242		