

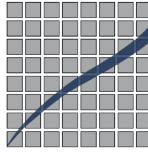
**THIRD CREEK METRO DISTRICT NO. 1
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**THIRD CREEK METRO DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Third Creek Metropolitan District No. 1
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Third Creek Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2021, 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, 2021, the respective changes in financial position, and the budgetary comparison schedule for the general fund, and the budgetary comparison for the general fund for the year then ended in accordance with the 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 the 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.

Responsibility 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 within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information 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 provide any 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 23, 2022

BASIC FINANCIAL STATEMENTS

THIRD CREEK METRO DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1
Property Taxes Receivable	49
Total Assets	50
LIABILITIES	
Accounts Payable	20,398
Noncurrent Liabilities:	
Due in More Than One Year	58,246
Total Liabilities	78,644
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	49
Total Deferred Inflows of Resources	49
NET POSITION	
Unrestricted	(78,643)
Total Net Position	\$ (78,643)

See accompanying Notes to Basic Financial Statements.

**THIRD CREEK METRO DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		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	\$ 77,835	\$ -	\$ 1	\$ -	\$ (77,834)
Interest and Related Costs on Long-Term Debt	809	-	-	-	(809)
Total Governmental Activities	\$ 78,644	\$ -	\$ 1	\$ -	(78,643)
					-
					(78,643)
					-
					\$ (78,643)

See accompanying Notes to Basic Financial Statements.

**THIRD CREEK METRO DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Total Governmental Fund
ASSETS		
Cash and Investments	\$ 1	\$ 1
Property Taxes Receivable	49	49
Total Assets	\$ 50	\$ 50
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 20,398	\$ 20,398
Total Liabilities	20,398	20,398
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	49	49
Total Deferred Inflows of Resources	49	49
FUND BALANCES		
Unassigned	(20,397)	(20,397)
Total Fund Balances	(20,397)	(20,397)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50	
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.		
Developer Advance Payable		(57,437)
Accrued Interest on Developer Advance		(809)
Net Position of Governmental Activities		\$ (78,643)

See accompanying Notes to Basic Financial Statements.

THIRD CREEK METRO DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Total Governmental Fund
REVENUES		
Other Revenue	\$ 1	\$ 1
Total Revenues	1	1
EXPENDITURES		
General:		
Accounting	3,355	3,355
District Management	5,971	5,971
Election Expense	288	288
Organization Costs	57,437	57,437
Legal	10,784	10,784
Total Expenditures	77,835	77,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,834)	(77,834)
OTHER FINANCING SOURCES (USES)		
Developer Advance	57,437	57,437
Total Other Financing Sources (Uses)	57,437	57,437
NET CHANGE IN FUND BALANCES	(20,397)	(20,397)
Fund Balances - Beginning of Year	-	-
FUND BALANCES (DEFICITS) - END OF YEAR	\$ (20,397)	\$ (20,397)

See accompanying Notes to Basic Financial Statements.

**THIRD CREEK METRO DISTRICT NO. 1
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, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ (20,397)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Developer Advances	(57,437)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued Interest on Developer Advance - Change in Liability	(809)
Change in Net Position of Governmental Activities	\$ (78,643)

See accompanying Notes to Basic Financial Statements.

**THIRD CREEK METRO DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
EXPENDITURES				
Accounting	-	3,500	3,355	145
District Management	-	6,000	5,971	29
Election Expense	-	300	288	12
Legal	-	10,800	10,784	16
Organization Costs	50,000	60,000	57,437	2,563
Total Expenditures	50,000	80,600	77,835	2,765
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(50,000)	(80,600)	(77,834)	2,766
OTHER FINANCING SOURCES (USES)				
Developer Advance	50,000	80,600	57,437	(23,163)
Total Other Financing Sources (Uses)	50,000	80,600	57,437	(23,163)
NET CHANGE IN FUND BALANCE				
	-	-	(20,397)	(20,397)
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ -	\$ -	\$ (20,397)	\$ (20,397)

See accompanying Notes to Basic Financial Statements.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Third Creek Metro District No. 1 (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 of Adams County on November 20, 2020 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Commerce City.

At an election of the eligible electors of the District on November 3, 2020, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the design, acquisition, installation, construction and completion of certain public improvements and services. Third Creek Metropolitan Districts Nos. 1-3 are expected to work together to provide for the acquisition, construction, and financing of the public improvements for the construction or acquisition of the infrastructure.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 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.

THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

The District has amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

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

Property Taxes

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

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

Deferred Inflows of Resources

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

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Deficit

The General Fund reported a deficit in the fund financial statements as of December 31, 2021. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2022.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1
Total Cash and Investments	<u>\$ 1</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 1
Total Cash and Investments	<u>\$ 1</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, 2021, the District's cash deposits had a bank balance and a carrying balance of \$1.

Investments

The District has not adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to those 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.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2021, the District had no investments.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021.

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Governmental Activities:					
Other Debts:					
Developer Advances:					
Operational	\$ -	\$ 57,437	\$ -	\$ 57,437	\$ -
Accrued interest on Developer Advances:					
Operational	-	809	-	809	-
Total	<u>\$ -</u>	<u>\$ 58,246</u>	<u>\$ -</u>	<u>\$ 58,246</u>	<u>\$ -</u>

NOTE 5 NET POSITION

The District has net position consisting of one component – unrestricted. The District's negative unrestricted net position is primarily due to operating costs funded and paid from advances from Developer.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS

Intergovernmental Agreement Concerning District Operations

On January 28, 2021, the District, Third Creek Metropolitan District No. 2, and Third Creek Metropolitan District No. 3, entered into an Intergovernmental Agreement Concerning District Operations (IGA). The purpose of the IGA is to establish the respective obligations of the Districts with respect to the provision and funding of administrative services for the Districts and the operation and maintenance of public improvements owned by the Districts. Pursuant to the IGA, District Nos. 2 and 3 engaged the District as “operator” of the public improvements owned by the Districts and as “district administrator.”

Intergovernmental Agreement with the City

On January 28, 2021, City and the Districts entered into an Intergovernmental Agreement Regarding the Service Plan for the Districts (the “City IGA”). The City IGA generally requires the Districts to design and construct all public improvements in accordance with standard specifications of the City and other governmental entities having proper jurisdiction and dedicate all public improvements to the City or other appropriate jurisdiction upon completion. The City IGA limits total indebtedness of the Third Creek Districts to \$60,831,000.

Improvement Acquisition, Advance and Reimbursement Agreement - Cowley

On January 28, 2021, with an effective date of as of October 6, 2021, the District and Cowley Management, LLC (“Cowley”) entered into an Improvement Acquisition, Advance and Reimbursement Agreement (“Cowley Reimbursement Agreement”) to provide for the financing and repayment of costs associated with the acquisition and construction of public infrastructure within the District’s service area. The District agreed to repay Cowley for costs associated with public improvements constructed by Cowley, and for advances made to the District for the construction of public improvements by the District, from the proceeds of bonds issued by the District, in an amount not to exceed \$2,200,000 (the maximum principal amount) together with simple interest at the rate of 2% plus the current Federal Reserve Board Prime Rate, or 6%, whichever is greater. Amounts advanced or expended are secured by a subordinate note with a maturity date of October 5, 2061 which may be refunded annually. The Cowley Reimbursement Agreement provides that the District’s repayment obligations thereunder and pursuant to any subordinate note issued thereunder are subject to the annual appropriation of funds by the District.

On October 28, 2021, the District and Cowley entered into a First Amendment to the Cowley Reimbursement Agreement for purposes of extending the funding obligation term through December 31, 2022. The District’s repayment obligation to Cowley survives until Cowley is repaid in full, provided that the District’s repayment obligation shall terminate on October 5, 2061, even if a portion of the maximum principal amount remains outstanding. As of December 31, 2021, there were no outstanding advances under the Cowley Reimbursement Agreement.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Funding and Reimbursement Agreement

On January 28, 2021 with an effective date of October 6, 2021, the District entered into a Funding and Reimbursement Agreement (Operations Costs) (“Operations Agreement”) with Cowley pursuant to which Cowley agreed to provide funding to the District for the purpose of assisting with the provision of general administrative and operating functions of the Districts, with the expectation of reimbursement therefore in an amount not to exceed \$50,000 (the maximum principal amount). The District agreed to make reimbursements to Cowley for all advances provided thereunder together with simple interest at the rate of 2% plus the current Federal Reserve Board Prime Rate, or 6%, whichever is greater. Advanced amounts are secured by a subordinate with a maturity date of October 5, 2061, which may be refunded annually. The Operations Agreement provides that the District’s repayment obligations thereunder and pursuant to any subordinate note issued thereunder are subject to the annual appropriation of funds by the District.

On October 28, 2021, the District and Cowley entered into a First Amendment to the Operations Agreement for purposes of extending the funding obligation term through December 31, 2022 and increasing the amount to be advanced to the District to \$450,000 (maximum principal amount). The District’s repayment obligation to Cowley survives until Cowley is repaid in full, provided that the District’s repayment obligation shall terminate on October 5, 2061, even if a portion of the maximum principal amount remains outstanding. As of December 31, 2021, outstanding advances under the Operations Agreement totaled \$57,437 and accrued interest totaled \$809.

Intergovernmental Agreement with General Improvement Districts

On November 18, 2021, the District entered into an Intergovernmental Agreement for the Construction of Third Creek West Regional Improvements (the “GID Agreement”) with the City, the Commerce City E-470 Commercial Area General Improvement District (the “Commercial Area GID”) and the Commerce City E-470 Residential Area General Improvement District (the “Residential Area GID,” and together with the Commercial Area GID, the “GIDs”). The GIDs have committed to fund certain regional improvements needed to serve development east of the E-470 public highway in the City’s current boundary and its future growth area (the “GID Project”). Pursuant to the GID Agreement, the District will be responsible for the design and construction of the GID Project, subject to certain reimbursements from the GIDs pursuant to the GID Agreement. The GID Agreement was amended on August 19, 2022 to amend the dates of substantial completion for the GID Project to December 31, 2025 and final acceptance to December 31, 2026. The maximum amount reimbursable to the District by the Commercial GID is \$7,000,000, and the maximum amount reimbursable to the District by the Residential GID is \$6,800,000. The estimated total cost to complete the GID Project is \$16,555,340 and the District is obligated to fund any costs in excess of the maximum amounts contributed by the GIDs.

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Improvement Acquisition and Reimbursement Agreement - Lennar

On May 6, 2022, the District, District No. 2, Cowley and Lennar Colorado, LLC (“Lennar”) entered into an Improvement Acquisition and Reimbursement Agreement (“Lennar Reimbursement Agreement”) to provide for the financing and repayment of costs associated with the acquisition and construction of regional offsite public infrastructure generally comprising the GID Project (as defined above) (“Offsites”) and onsite public infrastructure serving the property within District No. 2 (“Onsites”). Lennar agreed to fund construction of the Onsites not to exceed \$20,000,000 and further agreed to fund the Offsites in accordance with the Agreement Concerning Construction of Offsite Public Improvements, with a funding obligation term extending through December 31, 2030. The District agreed to repay Lennar for eligible costs expended by Lennar in connection with the Onsites and the Offsites from moneys received from the GIDs pursuant to the GID Agreement and, as to the Onsites, other available revenues of the Districts. The District’s repayment obligations are secured by two subordinate notes, including one issued to Lennar concerning the Offsites, which subordinate note accrues interest at the rate of 8%, and one to Cowley (as assigned by Lennar pursuant to the Lennar Reimbursement Agreement), which does not accrue interest. The subordinate notes both have a maturity date of May 5, 2062. The Lennar Reimbursement Agreement provides that the District’s repayment obligations thereunder and pursuant to any subordinate note issued thereunder are subject to the annual appropriation of funds by the District.

The District’s repayment obligations to Lennar and Cowley survive until expenditures are repaid in full or sooner discharged, provided that the District’s repayment obligation shall terminate 40 years after the execution of the Lennar Reimbursement Agreement, even if a portion of reimbursable costs remain outstanding.

Agreement Concerning Construction of Offsite Public Improvements

On May 6, 2022, the District, Third Creek Metropolitan District No. 2, Cowley, and Lennar entered into an Agreement concerning Construction of Offsite Public Improvements pursuant to which District No. 2 agreed to construct certain regional, off-site improvements generally comprising the GID Project (as defined above) in accordance with the GID Agreement. The District agreed to deposit in escrow funds equal to the selected construction and construction management bid, together with a contingency, not to exceed \$16,500,000. If the District’s funding amount is insufficient to cover the project costs, Lennar agreed to deposit the overage into the escrow. Funds deposited by the District and Lennar must be used to pay project costs. Lennar is entitled to be reimbursed for its funding contribution pursuant to the Lennar Reimbursement

NOTE 7 RELATED PARTIES

The property within the District is being developed by Cowley Management LLC, an Arizona limited liability company (Developer).

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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, 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 9 TAX, SPENDING, AND DEBT LIMITATION

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 3, 2020 the District's electors authorized the District to collect and spend revenues without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

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

**THIRD CREEK METRO DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 SUBSEQUENT EVENT

In January 2022, the District issued \$22,610,000 Limited Tax General Obligation Bonds Series 2022A-1 and \$1,777,410 (Value at Issuance)/ \$2,285,000 (Value at Current Interest Conversion Date) Limited Tax General Obligation Convertible Capital Appreciation Bonds Series 2022A-2. The 2022A-1 Bonds bear interest at 4.50% - 4.75%, payable on June 1 and December 1 of each year, commencing June 1, 2022, from available Senior Pledged Revenue, if any. Prior to the 2022A-2 Current Interest Conversion Date (which is December 1, 2026), the 2022A-2 Bonds shall pay no current interest and shall accrete in value at an accretion rate of 5.25% in accordance with an Accretion Table compounding on each June 1 and December 1, commencing on June 1, 2022, from their date of delivery.

On the 2022A-2 Current Interest Conversion Date, the 2022A-2 Bonds shall cease to be capital appreciation bonds and automatically convert to current interest bonds. On and after the 2022A-2 Current Interest Conversion Date, the 2022A-2 Bonds shall bear interest at 5.25%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2027.

OTHER INFORMATION

THIRD CREEK METRO DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2021	\$ -	-	-	\$ -	\$ -	N/A
Estimated for the Year Ending December 31,						
2022	\$ 740	66.796	0.000	\$ 49		