

**NEW ISSUE
BOOK-ENTRY-ONLY**

**INSURED RATING: S&P Global Ratings “AA”
INSURANCE: Assured Guaranty Inc.
UNDERLYING RATING: S&P Global Ratings “BBB+”
(See “MISCELLANEOUS—Ratings”)**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.



\$29,435,000
TOWN OF BENNETT, COLORADO
ACTING BY AND THROUGH ITS WASTEWATER ACTIVITY
ENTERPRISE
Wastewater Revenue Bonds, Series 2024

Dated: Date of Delivery

Due: December 1, as shown below

The Bonds are being issued by the Town acting by and through its Wastewater Activity Enterprise, in fully registered form in denominations of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds. As long as DTC or its nominee is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by the Paying Agent, initially UMB Bank, n.a., Denver, Colorado, directly to DTC, which will remit such payments to Participants for subsequent distribution to the Beneficial Owners. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on June 1, 2025. Capitalized terms used on the cover page of this Official Statement are defined in the Introduction herein. The Bonds mature, bear per annum interest and are priced or priced to yield as follows.

MATURITY SCHEDULE
CUSIP® 082162¹

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®,¹</u>	<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®,¹</u>
2025	\$440,000	5.00%	3.14%	AA6	2033	\$670,000	5.00%	3.32%	AJ7
2026	475,000	5.00	3.07	AB4	2034	700,000	5.00	3.42	AK4
2027	500,000	5.00	3.08	AC2	2035	735,000	5.00	3.51 ²	AL2
2028	525,000	5.00	3.12	AD0	2036	775,000	5.00	3.56 ²	AM0
2029	550,000	5.00	3.16	AE8	2037	810,000	5.00	3.60 ²	AN8
2030	580,000	5.00	3.20	AF5	2038	855,000	5.00	3.63 ²	AP3
2031	605,000	5.00	3.22	AG3	2039	895,000	5.00	3.67 ²	AQ1
2032	635,000	5.00	3.27	AH1					

\$1,925,000 5.000% Term Bond maturing December 1, 2041 Yield: 3.800%² CUSIP®: AR9¹

\$3,270,000 5.000% Term Bond maturing December 1, 2044 Yield: 3.940%² CUSIP®: AS7¹

\$6,515,000 4.125% Term Bond maturing December 1, 2049 Yield: 4.230% CUSIP®: AT5¹

\$7,975,000 4.125% Term Bond maturing December 1, 2054 Yield: 4.310% CUSIP®: AU2¹

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.



The net proceeds from the sale of the Bonds will be used for the expansion of the Town’s Wastewater Reclamation and Resource Recovery Facility and to pay the costs of issuance of the Bonds.

The Bonds are special limited obligations of the Town, acting by and through the Wastewater Activity Enterprise, payable solely from Net Revenues all as more particularly set forth herein and in the authorizing Bond Ordinance. The Bonds are payable only out of: (a) the Bond Account, into which the Town covenants and agrees to deposit Net Revenues in amounts sufficient to pay the principal of and interest on the Bonds, the 2017 CWRPDA Loan, the 2018 CWRPDA Loan and any other Parity Lien Obligations when the same become due and payable; and (b) if necessary, from the Reserve Account, as provided in the Bond Ordinance. The Bonds do not constitute a general obligation debt or indebtedness within the meaning of any constitutional or statutory debt limitation or provision, and are not payable in whole or in part from the proceeds of ad valorem property taxes.

The Bonds are subject to redemption prior to maturity as described herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision particularly the section titled “INVESTMENT CONSIDERATIONS.”

The Bonds are offered when, as, and if issued by the Town and accepted by the Underwriter named below, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to certain other conditions. Kutak Rock LLP has acted as Special Counsel to the Town for purposes of assisting the Town with the preparation of this Official Statement. Stradling Yocca Carlson & Rauth, LLP, Denver, Colorado, has acted as counsel to the Underwriter. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 10, 2024.



This Official Statement is dated December 3, 2024.

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¹ The Town takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

² Priced to yield at the earliest call date on which the Bonds may redeemed at par on December 1, 2034.

TOWN OF BENNETT, COLORADO
Acting by and Through its Wastewater Activity Enterprise

Town Board of Trustees

Whitney Oakley, Mayor
Kevin Barden, Mayor Pro Tem
Steve Dambroski
Royce Pindell
Denice Smith
Donna Sus
Larry Vittum

Town Officials

Trish Stiles, Town Manger
Rachel Summers, Deputy Town Manager
Danette Ruvalcaba, Town Treasurer
Daniel Pershing, Director of Capital Projects and Utilities

Town Attorney

Krob Law Office, LLC,
Greenwood Village, Colorado

Paying Agent and Registrar

UMB Bank, n.a.
Denver, Colorado

Underwriter

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

Underwriter's Counsel

Stradling Yocca Carlson & Rauth, LLP
Denver, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Town or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the Town and obtained from other sources which are believed to be reliable.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix I—Specimen Municipal Bond Insurance Policy.”

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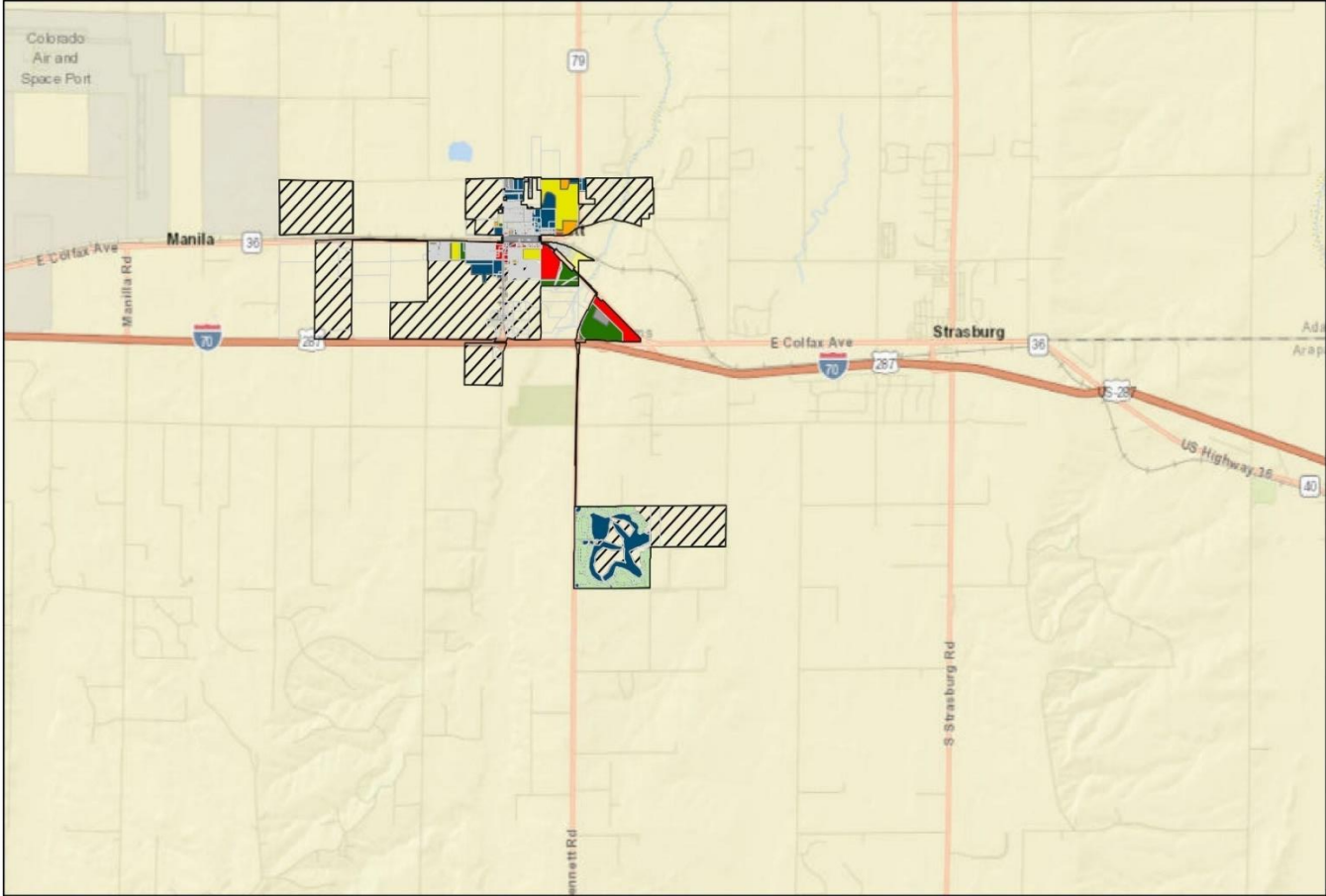
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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix C—Form of Continuing Disclosure Agreement.

The information to be updated may be reported in any format chosen by the Town, it is not required that the format reflected in this Official Statement be used in future years. Further, the Wastewater Fund Budget Summary table referred to above is to be updated using current year budget information found in the audited financial statements; no separate budget documents are required to be filed.

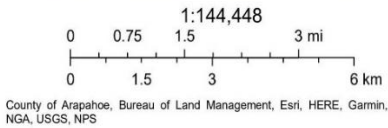
TOWN BOUNDARY MAP

Town of Bennett



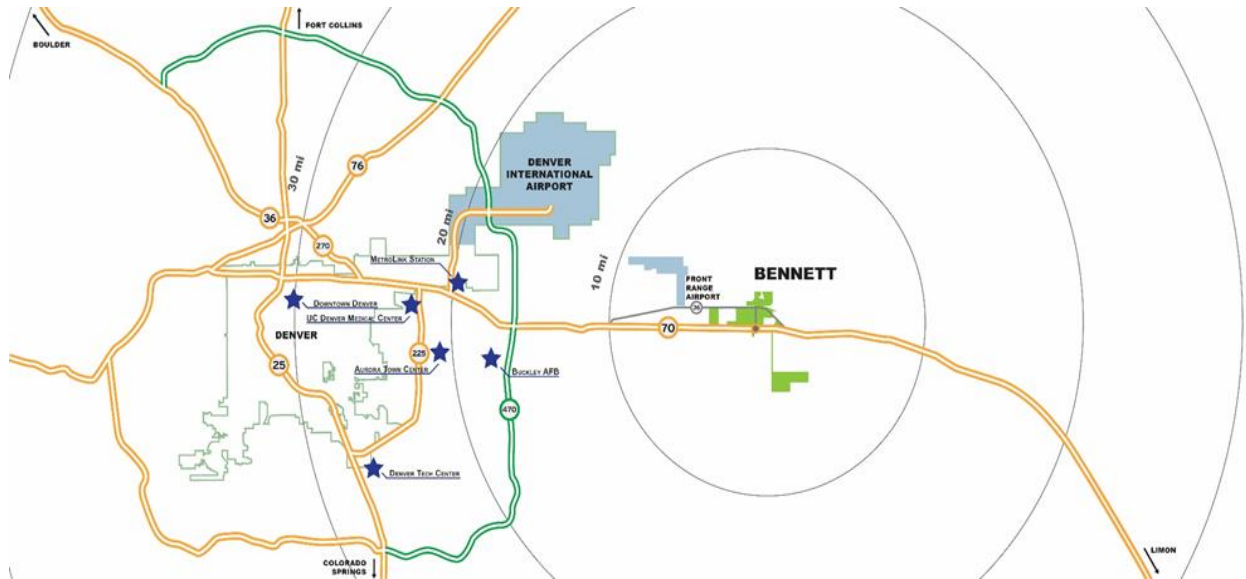
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- | | | |
|--------------------------|-------------------------|--|
| Zoning | Low-Density Residential | Public |
| Agricultural | Mid-Density Residential | Commercial Mixed Use Overlay District |
| General Commercial | Mobile Home | Main Street-Downtown Overlay District |
| High-Density Residential | Planned Development | Residential Mixed Use Overlay District |
| Industrial | | |



Town of Bennett
County of Arapahoe, Bureau of Land Management, Esri, HERE, Garmin, NGA, USGS, NPS

REGIONAL MAP



INTRODUCTION

This Official Statement is furnished in connection with the issuance by the Town of Bennett (the “Town”) acting by and through its Wastewater Activity Enterprise (the “Enterprise” or “Wastewater Activity Enterprise”), in Adams County and Arapahoe County, Colorado (the “State”), of its Wastewater Revenue Bonds, Series 2024, in the aggregate principal amount of \$29,435,000 (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The information set forth in this Official Statement has been obtained from the Town and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. Certain of the capitalized terms used herein are defined in APPENDIX A hereto.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

IssuerThe Town is a municipal corporation and a political subdivision of the State. As a statutory municipality, the Town operates according to State statutes and Town ordinances adopted pursuant thereto. The Town is approximately 25 miles east of downtown Denver at the western edge of the eastern plains of the State in both Adams County and Arapahoe County. The Town encompasses approximately 5.73 square miles and has a July 2024 estimated population of 4,048. See “THE TOWN” and the preceding “REGIONAL MAP” and “TOWN BOUNDARY MAP.” The Bonds and the interest thereon do not constitute a debt or indebtedness of the Town within the meaning of any constitutional or statutory debt provision or limitation, and do not give rise to a charge against the Town’s general credit or taxing power. See “THE BONDS—Security for the Bonds.” The main source of revenue for the Town is sales tax revenue, the majority of which is derived from essential businesses that have been allowed to remain open.

The Enterprise.....The Town has historically provided and will continue to provide wastewater as an enterprise under State law and pursuant to the terms and provisions of Part 1 of Article 45.1 of Title 37, Colorado Revised Statutes. On February 8, 1994, by Resolution No. 94-75 the Town established the wastewater fund enterprise (the “Wastewater Activity Enterprise”) which is comprised of the Town’s wastewater facilities and properties, now owned or hereafter acquired, whether situated within or without the Town boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto (the “System”). The Wastewater Activity Enterprise constitutes an “enterprise” within the meaning of Article X, Section 20 of the State Constitution (“TABOR”).

PurposeThe net proceeds from the sale of the Bonds will be used for the expansion of the Town’s Wastewater Reclamation and Resource Recovery Facility (the “Improvement Project”), wastewater system improvements and to pay the costs of issuance of the Bonds including the cost of Bond Insurance. See “THE BONDS—Use of Bond Proceeds.”

Bond InsuranceAssured Guaranty Inc. (“AG” or the “Insurer”) has committed to issue, effective as of the date of issuance of the Bonds, a policy of insurance (the “Insurance Policy” or “Policy”) guaranteeing the payment, when due, of the principal of and interest on the Bonds. The insurance extends over the life of the issue and cannot be canceled by the Insurer. Payment under the Policy is subject to the conditions described in “BOND INSURANCE.” A specimen of the Municipal Bond Insurance Policy is attached as APPENDIX I to this Official Statement. See “BOND INSURANCE.”

SecurityThe Bonds are special, limited obligations of the Town, acting by and through its Wastewater Activity Enterprise. The principal of and interest on the Bonds is payable solely from the Net Revenues. The Bond Ordinance defines “Net Revenues” as the Gross Revenue less Operation and Maintenance Expenses. “Gross Revenues” generally means all fees, including but not limited to user fees and plant investment fees, charges and revenues directly or indirectly derived by the Town for the services furnished by, or use of, the System. “Operation and Maintenance Expenses” generally means all reasonable and necessary current expenses of the Town, paid or accrued, for operating, maintaining, and repairing the System. See “THE BONDS—Security for the Bonds” for the complete definition of said terms.

Upon the issuance of the Bonds, the Reserve Account will be funded through the purchase of a surety bond issued by the Insurer (the “Reserve Surety Bond”). See “THE BONDS—Security for the Bonds.”

The lien of the Bonds is on parity with the Town’s obligations under a loan agreement entered into in 2017 with the Colorado Water Resources and Power Development Authority (“CWRPDA”) currently outstanding in the principal amount of \$1,949,468 (the “2017 CWRPDA Loan”) and a loan agreement entered into in 2018 with the CWRPDA currently outstanding in the principal amount of \$2,887,609 (the “2018 CWRPDA Loan”). Subject to expressed conditions, obligations in addition to the Bonds may be issued and made payable from the Net Revenue having a lien thereon subordinate and junior to the lien of the Bonds (“Subordinate Lien Bonds”) or, subject to additional expressed conditions, having a lien on the Net Revenue on a parity with the lien of the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan (the “Parity Lien Bonds”).

The Bonds do not constitute a debt or an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, nor will they be considered or held to be general obligations of the Town.

Payment Provisions

and Record Date.....The Bonds mature and bear interest at the rates (computed on the basis of a 360-day year of twelve 30-day months) as set forth on the cover page hereof. Interest on the Bonds is payable semi-annually on June 1 and December 1 each year (each an “Interest Payment Date”), commencing on June 1, 2025. Payments to Beneficial Owners will be made as described under the caption “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

The record date, with respect to each Interest Payment Date is the 15th day of the preceding month (whether or not such day is a Business Day) in which such Interest Payment Date occurs (the “Record Date”).

Authority for Issuance.....The Bonds are issued in full conformity with the Constitution and the laws of the State, including, in particular, the Water Activity Law, Colorado Revised Statutes, as amended; Part 4 of Article 35 of Title 31, Colorado Revised Statutes, as amended; and Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (collectively, the “Acts”), and pursuant to an authorizing ordinance adopted on October 22, 2024, as supplemented pursuant to Resolution No. 1041-24, adopted on November 26, 2024 (collectively, the “Bond Ordinance”), adopted by the Board of Trustees of the Town, acting as the governing body of the Wastewater Activity Enterprise (the “Board”) prior to the issuance of the Bonds. See “THE BONDS—Use of Bond Proceeds.”

Book-Entry-Only

RegistrationThe Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of the Town pursuant to the Bond Ordinance, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Prior Redemption.....The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See “THE BONDS—Prior Redemption.”

Registration and DenominationsThe Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Exchange and TransferWhile the Bonds remain in book-entry-only form, transfer and ownership by Beneficial Owners may be made as described under the caption “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.” In the event that DTC ceases to act as securities depository for the Bonds, the Bond Ordinance provides for the transfer and exchange of Bonds at the principal office of the Paying Agent pursuant to specified terms and provisions.

Tax StatusIn the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

Investment Considerations.....The purchase of the Bonds involves certain investment risks, which are discussed throughout this Official Statement. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision and should consider carefully the information contained under “INVESTMENT CONSIDERATIONS.”

Delivery Information.....The Bonds are offered when, as and if issued by the Town, acting by and through its Wastewater Activity Enterprise, and accepted by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), subject to prior sale, the approving legal opinion of Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 10, 2024.

Financial Statements.....Appended hereto are the audited general purpose financial statements of the Town as of and for the year ended December 31, 2023, being the most recent audited financial statements available for the Town.

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, ORDINANCES, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Town of Bennett, 207 Muegge Way, Bennett, Colorado 80102, telephone: (303) 644-3249; or Stifel, Nicolaus & Company, Incorporated, 1401 Lawrence Street, Suite 900, Denver, CO 80202, (303) 296-2300.

INVESTMENT CONSIDERATIONS

THE PURCHASE OF THE BONDS INVOLVES SPECIAL RISKS AND THE BONDS MAY NOT BE APPROPRIATE INVESTMENTS FOR ALL TYPES OF INVESTORS. EACH PROSPECTIVE INVESTOR IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY AND TO GIVE PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW, WHICH, AMONG OTHER FACTORS DISCUSSED HEREIN, COULD AFFECT THE PAYMENT OF DEBT SERVICE ON THE BONDS AND COULD AFFECT THE MARKET PRICE OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED AT THIS TIME. THE FOLLOWING DOES NOT PURPORT TO BE AN EXHAUSTIVE LISTING OF RISKS AND OTHER CONSIDERATIONS THAT MAY BE RELEVANT TO INVESTING IN THE BONDS. IN ADDITION, THE ORDER IN WHICH THE FOLLOWING INFORMATION IS PRESENTED IS NOT INTENDED TO REFLECT THE RELATIVE IMPORTANCE OF SUCH RISKS.

Limited Obligations

The Bonds do not constitute a lien upon the physical properties of the System or any part thereof, but constitute a lien only on Net Revenues and all moneys on deposit in the Reserve Account. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the Town's ability to generate such Net Revenues in an amount sufficient to meet the debt service requirements of the Bonds. The Bonds and the interest thereon do not constitute a debt or indebtedness of the Town within the meaning of any constitutional or statutory debt provision or limitation, and do not give rise to a charge against the Town's general credit or taxing power. See "THE BONDS—Security for the Bonds."

In the event that the Town is unable to generate Net Revenues in amounts sufficient to pay debt service on the Bonds when due, for whatever reason, the Town is obligated, pursuant to its covenant in the Bond Ordinance, to increase its System rates and charges so as to generate amounts sufficient to meet said debt service and the additional amounts required by the Bond Ordinance. See "THE BONDS—Security for the Bonds."

The ability of the Town to meet its payment obligations under the Bond Ordinance will depend upon the ability of the System to generate sufficient Net Revenues to meet such obligations, the System's operating expenses, debt service on other debt or obligations, extraordinary costs or expenses that may occur and other costs and expenses. Accordingly, investors should be aware that future revenues and expenses of the Town will be subject to conditions that may differ materially from current conditions to an extent that cannot be determined at this time.

Factors That May Cause Insufficiency of Expected Net Revenues

The generation of Net Revenues is dependent upon several factors outside the Town's control, such as the economy, collections of wastewater service charges and wastewater development fees, continued growth (or lack thereof) and changes in law. It is impossible to predict whether current economic conditions will continue or worsen or to predict how future conditions will affect the operation of the System or the Town's finances in general. The following factors, among others, may impact the generation of Net Revenues in the future.

General. Payment of the Bonds is dependent upon the generation of sufficient Net Revenues of the System. If the System becomes inoperable due to damage, destruction, environmental restriction or for any other reason, if the Town has inadequate wastewater storage or transmission facilities, if the Town is unable to increase rates and charges for any reason or if the Town incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, the Town may be unable to generate adequate revenues from the System to pay debt service on the Bonds.

Wastewater Quality and Environmental Requirements. The System is subject to numerous federal and State regulatory requirements. Those regulations are subject to change at any time. Wastewater systems like the System are regulated by the Environmental Protection Agency. Wastewater quality standards imposed by the federal government or the State may affect the water available to the Town. Further, implementation of those standards or enforcement by the State Department of Health could result in increased costs associated with the Town's storage or distribution operations or require significant capital expenditures. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service or increases in costs would reduce the amount of Net Revenues available to pay debt service on the Bonds, subject to the requirement that the Town must subsequently raise rates if necessary to satisfy the rate maintenance covenant in the Bond Ordinance. See "THE BONDS—Security for the Bonds—*Maintenance of Rates and Coverage.*"

In operating the System, the Town also is subject to various environmental regulations and may be subject to additional regulations in the future which could subject the Town to increased operating costs or capital expenditures. Such risks include the use of hazardous materials in the wastewater treatment process and the disposal of such materials, the occurrence of upstream events that could cause contamination of the Town's water sources, or other factors. Such increased costs could reduce the amount of Net Revenues available to pay debt service on the Bonds.

Delay in Collection of Unpaid Amounts. The Town has the authority to enforce payment of its rates and charges through several methods. If payment is not received, then service may be suspended until past due amounts are paid. The Town may certify unpaid fees and charges to the County treasurers for collection in the same manner as taxes, and the Town itself may foreclose upon liens on the real property of delinquent ratepayers. See "SYSTEM FINANCIAL INFORMATION—Billing and Collection." Both methods of collection from delinquent ratepayers can result in delayed collection of unpaid amounts. The statutory certification process for unpaid fees and charges is a simple process for the Town, but relies on each County treasurer's collection process, which can be time-consuming. Proceeds realized from either process, if any, may not be sufficient to cover the delinquent rates and charges. Historically, the Town liens less than .02% of its accounts annually.

Constitutional Limitations on Enterprises. The Town has concluded that its System presently qualifies as an “enterprise” under TABOR. If the System should fail at some time in the future to qualify as an enterprise for purposes of TABOR, the System would become subject to the limitations of TABOR, including, without limitation, the spending limits contained in TABOR. See “SYSTEM FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending.” If the Town fails to maintain the enterprise status of the System, that event will not adversely affect the validity or enforceability of the Bonds, but may affect the Town’s ability to collect Net Revenues in an amount sufficient to pay debt service. The Town has covenanted in the Bond Ordinance to continue to maintain the System as an “enterprise” under Tabor. See “THE BONDS—Security for the Bonds—*Additional Covenants and Agreements—Enterprise Status.*”

The Town believes, based on present circumstances, that it will generate sufficient Net Revenues to meet its obligations under the Bond Ordinance; however, the basis of the assumptions utilized by the Town to formulate this belief may otherwise change, and no representation or assurance can be made that the Town will continue to generate sufficient Net Revenues to meet such obligations.

Future Development

The Town is expecting significant growth over the next 10 years and the Improvement Project is being undertaken, in part, in anticipation of such growth. See “SYSTEM FINANCIAL INFORMATION—Wastewater Development Fees—*Development Activity and Growth*” and “THE SYSTEM—The Capital Asset Inventory and Master Plan—*Growth Projections.*”

To plan for and project future growth and the infrastructure necessary to serve such growth, the Town, created the Town’s Capital Asset Inventory and Master Plan in 2019 (and as updated in 2024, the “CAIMP”). Like many smaller communities in Colorado, the Town’s growth projections as set forth in the CAIMP are significant when compared to the State and national average. There is a risk that the growth and development projected by the CAIMP does not occur.

The CAIMP is available on the Town’s website and from the sources listed in the “INTRODUCTION,” and should be read in its entirety. The CAIMP is based on key assumptions made by the CAIMP Team and, like any analysis or forecast, is inherently subject to variations in the assumed data. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Actual results will vary from those projected, and such variations may be material.

Certain assumptions in the CAIMP were based upon data provided by developers and landowners, which data has not been independently verified by the Town. The Town makes no representation as to the accuracy of such information or the reliability of such assumptions. CAIMP projections were based on local economic conditions, the rates of employment and economic growth, the availability of consumer credit and the level of consumer spending, and the level of real time residential and commercial development, among other things. The CAIMP assumes that property currently under development or in the process of annexation and future development will be built as planned, which is not guaranteed to occur. While the Town believes the projections presented in the CAIMP to be reasonable, no assurance can be given that such growth and development will occur as anticipated, or at all, and there is no guarantee that the Net Revenue will be received in the amounts and at the times necessary to pay debt service on the Bonds. See “THE SYSTEM—The Capital Asset Inventory and Master Plan.”

General Factors Affecting Development Within the Service Area of the System. All development and construction activity in the Service Area of the Town, as well as growth of the customer base of the System and the Net Revenue generated therefrom, could be affected significantly by factors beyond the control of the Town, developers or landowners. For example, such development may be adversely affected by, among other factors, the demand for the types and prices of homes being offered in the Town; conditions in the national, regional, State and local economies; governmental policies with respect to the issuance of building permits; the availability of utilities; construction costs; the availability of development funding; the supply of comparable property in the area; competition; labor conditions; unemployment rates; access to building supplies; the availability and cost of fuel; weather risks; and other political, legal and economic conditions. The rate of development also may be affected by changes in laws or regulations, including, without limitation, changes in the federal income tax treatment of interest on home mortgages. Neither the Town nor the Underwriter makes any representation or assurance regarding projected development plans or the rate of development or home sales in the Town. Though the Town is making capital improvements to service current and expected growth, new development may not be necessary to generate revenues necessary to maintain the 110% debt service coverage requirement of the Bonds or any Parity Lien Bonds. See “APPENDIX F—ECONOMIC AND DEMOGRAPHIC INFORMATION.”

Risks Related to Wastewater Development Fees. Pursuant to the Bond Ordinance, Wastewater Development Fees are a component of the Net Revenue pledged to the payment of the Bonds. See “THE BONDS—Security for the Bonds.” If projected growth and development does not occur, revenue from Wastewater Development Fees will not be realized. Further, the cyclical nature of such factors generally causes Wastewater Development Fee revenue to increase along with higher prices brought about by inflation of the capital infrastructure itself. For a history of Town Wastewater Development Fees, see “SYSTEM FINANCIAL INFORMATION—Wastewater Development Fees.” Wastewater Development Fees constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanic’s liens. If challenged, there can be no assurance that the Wastewater Development Fees would be characterized by a court of competent jurisdiction as a charge imposed for the provision of services and facilities (and, consequently, a statutorily authorized fee), nor can there be any assurance that a court would rule in favor of the enforceability of the Wastewater Development Fee resolutions, the Wastewater Development Fee or the statutory lien relating thereto.

Future System Utilization

The amount of Net Revenues, as defined in “THE BONDS—Security for the Bonds,” available for the payment of Operating Expenses, as defined in “THE BONDS—Security for the Bonds,” and the payment of debt service on the Bonds will be affected by the future levels of utilization of the System and the rates and charges that the Town can impose in connection with the use thereof.

No Mortgage Secures the Bonds

The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the Town, except for the Net Revenue and other moneys pledged for the payment of the Bonds. No property of the Town, subject to such exception, will be liable to be forfeited or taken in payment of the Bonds. See “THE BONDS—Security for the Bonds.”

Parity Lien Obligations

The Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan constitute an irrevocable and first lien on the Net Revenues and all moneys on deposit in the Reserve Account, but not necessarily an exclusive such lien. The Town may in the future issue one or more series of additional bonds, notes, interim securities or other obligations with a pledge of and lien on the Net Revenues on a parity with the lien of the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan (such Bonds referred to herein as “Parity Lien Obligations”) or with a pledge of and lien on the Net Revenues that is subordinate or junior to the lien of the Parity Lien Obligations (such Bonds referred to herein as “Subordinate Lien Obligations”). See “THE BONDS—Security for the Bonds—*Additional Obligations.*”

Secondary Market

While the Underwriter expects, insofar as possible, that a secondary market for the Bonds will be maintained, no assurance can be given concerning the future existence of such a secondary market, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold the Bonds to maturity or prior redemption.

Bankruptcy and Foreclosure

The ability and willingness of an owner or operator of property to remit wastewater rates and charges in a timely manner may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent wastewater service charges using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a property. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in the collection of Net Revenues in amounts that may be insufficient to pay debt service on the Bonds when due.

Future Changes in Laws

Various State laws and constitutional provisions apply to the imposition and collection of Town rates, fees, and charges, and the financing of System operations. Other State and federal laws, constitutional provisions, and regulations apply to the obligations created by the issuance of the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the Town and the imposition, collection, and expenditure of Net Revenues.

Legal Matters Relating to the System

The Town is also subject to extensive State and federal regulation of its wastewater facilities. While the Town intends to comply with all valid laws and regulations affecting such operations, there can be no assurance that actions of and standards imposed by State and federal authorities will not result in increases in the Town’s future costs of operations, impairment of its ability to serve its present or future customers, or both.

Limitations on Remedies Available to Owners of Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the Town in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Net Revenues which is superior to the lien thereon of the Bonds; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the applicable Bond Ordinance on behalf of the Owners of the Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

THE BONDS

Description

The Bonds are special limited obligations of the Town, acting by and through its Wastewater Activity Enterprise. The maturities and interest rates for the Bonds are set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail under the caption “INTRODUCTION” and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds, payment of the principal of and interest on the Bonds, a description of the authority for issuance of the Bonds, and information regarding delivery of the Bonds. For a complete statement of the details of the Bonds, reference is made to the authorizing Bond Ordinance, copies of which are available from the Underwriter prior to delivery of the Bonds.

Prior Redemption

Optional Redemption. The Bonds maturing on and before December 1, 2034, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after December 1, 2035 are subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part in such order of maturities as the Town will determine and by lot within a maturity, on December 1, 2034, and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2041 are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Redemption Date	Principal Amount
2040	\$940,000
2041 ¹	985,000

¹ Final maturity; not a sinking fund redemption payment.

The Bonds maturing on December 1, 2044 are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Redemption Date	Principal Amount
2042	\$1,035,000
2043	1,090,000
2044 ¹	1,145,000

¹ Final maturity; not a sinking fund redemption payment.

The Bonds maturing on December 1, 2049 are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Redemption Date	Principal Amount
2045	\$1,200,000
2046	1,250,000
2048	1,300,000
2048	1,355,000
2049 ¹	1,410,000

¹ Final maturity; not a sinking fund redemption payment.

The Bonds maturing on December 1, 2054 are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Redemption Date	Principal Amount
2050	\$1,470,000
2051	1,530,000
2052	1,590,000
2053	1,660,000
2054 ¹	1,725,000

¹ Final maturity; not a sinking fund redemption payment.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding each sinking fund redemption date, the Town may: (i) deliver to the Paying Agent for cancellation any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption; and (ii) receive a credit in respect of its sinking fund redemption obligation for any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof to the obligation of the Town on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced.

Redemption Procedures. Notice of any redemption of Bonds will be given by the Paying Agent in the name of the Town by sending a copy of such notice by electronic means to DTC or its successors, or by first class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice will specify the number or numbers of the Bonds so to be redeemed (if redemption is in part) and the redemption date. If any Bond is duly called for redemption and if, on or before the redemption date, there will be deposited with the Paying Agent in accordance with the Bond Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond will become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice will not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise will not be reissued and will be cancelled.

Use of Bond Proceeds

The Improvement Project. Net proceeds of the Bonds, including any original issue premium from the sale of the Bonds, are expected to be used for the expansion of the Town’s Wastewater Reclamation and Resource Recovery Facility (“WRRRF”) (as previously defined, the “Improvement Project”), wastewater system improvements and to pay the costs of issuance of the Bonds. The Improvement Project will significantly expand the WRRRF to meet expected growth in the Town and ensure that the WRRRF stays in compliance with State and Federal environmental regulations. When completed, it is anticipated that the Improvement Project will meet the Town’s projected increased wastewater capacity needs through approximately 2034. For a more detailed description of the Improvement Project, please see “THE SYSTEM—System Capital Program.”

Source and Use of Funds. The estimated application of the proceeds of the Bonds is as follows:

SOURCES	
Par amount of Bonds.....	\$29,435,000.00
Net Original Issue Premium.....	<u>1,111,001.25</u>
Total.....	<u>\$30,546,001.25</u>
 USES	
Deposit to Project Account	\$30,000,000.00
Costs of issuance, including underwriting discount, ¹ Insurance Policy premium, Surety Bond premium, rating agency fees, professional fees, printing costs, and contingency	<u>546,001.25</u>
Total.....	<u>\$30,546,001.25</u>

¹ See “MISCELLANEOUS—Underwriting.”
Source: The Underwriter

Security for the Bonds

Special Revenue Obligations. The Bonds are special limited obligations of the Town, acting by and through its Wastewater Activity Enterprise, payable only out of: (a) the Bond Account, into which the Town covenants and agrees to deposit Net Revenues in amounts sufficient to pay the principal of and interest on the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan and any Parity Lien Obligations when the same become due and payable; and (b) if necessary, from the Reserve Account, as provided in the Bond Ordinance.

Subject to express conditions, obligations in addition to the Bonds may be issued and made payable from Net Revenues which are subordinate and junior to the lien of the Bonds (the “Subordinate Lien Obligations”) or having a lien on Net Revenues which is on a parity with the lien of the Bonds (the “Parity Lien Obligations”), in accordance with the provisions of the Bond Ordinance. No bonds or other obligations of the Town may be issued or entered into having a lien on Net Revenues which is superior to the lien of the Bonds.

The Bonds do not constitute a debt or an indebtedness of the Town within the meaning of any constitutional or statutory debt limitation or provision; nor will they be considered or held to be general obligations of the Town.

Net Revenues. Net Revenues are defined in the Bond Ordinance as Gross Revenue after deducting Operation and Maintenance Expenses.

The Bond Ordinance defines “Gross Revenues” to mean all fees, including but not limited to user fees and plant investment fees, charges and revenues directly or indirectly derived by the Town for the services furnished by, or use of, the System, or any part thereof, including all income attributable to any future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the System or its operations; provided however, that there will be excluded from Gross Revenue (a) moneys borrowed and used for providing Capital Improvements; (b) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations for the purpose of defeasing the same; and (c) any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys will be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

The Bond Ordinance defines “Operation and Maintenance Expenses” to mean all reasonable and necessary current expenses of the Town (calculated in accordance with Generally Accepted Accounting Principles (GAAP)), paid or accrued, for operating, maintaining, and repairing the System, including without limitation legal and overhead expenses of the Town directly related to the administration of the System; provided however, that there will be excluded from Operation and Maintenance Expenses any allowance or transfers for depreciation, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations issued to provide Capital Improvements, and charges for the accumulation of reserves.

Flow of Funds. The financial activities of the Wastewater Activity Enterprise are accounted for in the Wastewater Fund of the Town. Pursuant to the Bond Ordinance, the Town covenants to deposit to the Wastewater Account of the Wastewater Fund all Gross Revenue immediately upon receipt. The Town

pays from the Water Account all Operation and Maintenance Expenses as they become due and payable. After such payments, the Town is to apply the Net Revenues in the following order of priority:

FIRST, to the credit of the Bond Account, the amounts described below under “Bond Account” and to the credit of any other account established for the payment of the principal of, premium if any, and interest on Parity Lien Obligations, the amounts required by the instruments authorizing or controlling the payment of such Parity Lien Obligations;

SECOND, to the credit of the Reserve Account, the amounts described below under “Reserve Account” and any similar reserve account established to prevent a default in the timely payment of Parity Lien Obligations;

THIRD, to the payment and reimbursement of all amounts due in connection with the Reserve Surety Bond and any similar surety or reserve account contract for Parity Lien Bond;

FOURTH, to the credit of any other fund or account hereafter established for the payment of the principal of, premium, if any, and interest on subordinate lien obligations, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the ordinance or other enactment authorizing issuance of the subordinate lien obligations; and

FIFTH, to the credit of any other fund or account as may be designated by the Town, to be used for any lawful purpose, any moneys remaining in the Water Account after the payments and accumulations set forth in First through Fourth above.

Bond Account. Moneys deposited in the Bond Account are to be used solely for the purpose of paying the principal of and interest on the Bonds. The Bond Ordinance provides that on or before the last day of each month, commencing in the month next succeeding the date of issuance of the Bonds, the Town is to deposit to the Bond Account from the Net Revenues substantially equal monthly amounts for the payment of the interest and principal to come due on the Bonds on the next succeeding interest payment date and principal payment date, respectively. All deposits to the Bond Account are to first be allocated to the payment of interest to come due on the Bonds.

Reserve Account. Moneys in the Reserve Account are to be used, if necessary, only to prevent a default in the payment of the Bonds. In the event the amounts credited to the Bond Account are insufficient to pay the principal of or interest on the Bonds when due, the Town has covenanted to transfer from the Reserve Account to the Bond Account an amount which, when combined with moneys therein, will be sufficient to make such payments when due. The Reserve Account is to be maintained in the amount of \$1,800,462.50 (the “Required Reserve”). If at any time the amount of the Reserve Account is less than the Required Reserve, the Town is required to replenish the Reserve Account to the Required Reserve as described above in “—*Flow of Funds.*”

Upon the issuance of the Bonds, the Reserve Account is to be funded by the deposit in the Reserve Account of the Reserve Surety Bond from the Insurer in the amount of the Required Reserve.

Maintenance of Rates and Coverage. The Town covenants in the Bond Ordinance that it will establish, maintain, enforce, and collect rates, fees, and charges for services furnished by or the use of the System to create Gross Revenue each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount: (a) equal to not less than 110% of the amount necessary to pay when due the principal of and interest on the Bonds and any Parity Lien Obligations coming due during such Fiscal Year; (b) sufficient to make up any deficiencies in the Reserve Account; and (c) sufficient to make any required reimbursement due in connection with the Reserve Surety Bond. In the event that the

Gross Revenue at any time is not sufficient to make such payments, the Town has covenanted to promptly increase such rates, fees, and charges to an extent which will ensure the payments and accumulations required by the Ordinance.

Additional Covenants and Agreements. The Town irrevocably covenants and agrees in the Bond Ordinance, among other things, that:

Efficient Operations. The Town will continue to operate and manage the System in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Net Revenues may at all times be readily and accurately determined.

No Free Service. The Town will furnish no free service from the System, and if the Town will use the facilities of the System for its own purposes, it will pay monthly a fair and reasonable amount for such service. In no event will the Town be required to meter its use nor will the Town be required to pay a greater amount than would be charged a private consumer for the same amount of service. The Town will include in its annual appropriation and budget amounts sufficient to pay for all service so used.

Sale or Alienation of Property. The Town will not sell or alienate any of the property constituting any part or all of the System in any manner or to any extent as might reduce the security provided for the payment of the Bonds, but the Town may sell any portion of such property which will have been replaced by other similar property of at least equal value, or which will cease to be necessary for the efficient operations; provided however, that the proceeds of any such sale of System property will be included as part of the Gross Revenue.

Billing and Enforcement. The Town will promptly render bills for services furnished by or the use of the System, will use all legal means to assure prompt payment thereof, will take such action as may be necessary to make delinquent rates, fees, and charges of the System a lien upon the real property served, and to the extent permitted by law, will discontinue service to any user who becomes delinquent in the payment of such charges until the delinquency and all interest, costs, and expenses incident thereto have been paid in full.

Audits. At least once a year in the time and manner provided by law, the Town will cause an audit to be performed of the records relating to the revenues and expenditures of the System. Such audit may be made part of and included within the general audit of the Town, and made at the same time as the general audit. In addition, at least once a year in the time and manner provided by law, the Town will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

Insurance. The Town will carry fire and extended coverage, workers' compensation, public liability, and such other forms of insurance on insurable System property as would ordinarily be carried by utilities having similar properties of equal value, such insurance being in such amounts as will protect the System and its operations. In the event of any loss or damage to the System, or in the event part or all of the System is taken by the exercise of a power of eminent domain, the insurance proceeds or the condemnation award will be used for restoring, replacing or repairing the property lost, damaged or taken, and the remainder thereof, if any, will be considered as Gross Revenue; provided however, that if the Board determines that the operation of the System and the security for the Bonds will not be adversely affected thereby, the Board may determine not to restore, replace or repair the property lost, damaged or taken and all of the insurance proceeds or condemnation award will be considered as Gross Revenue.

Enterprise Status. The Town has and will continue to maintain the System as an “enterprise” within the meaning Article X, Section 20 of the Colorado Constitution, and as a “Wastewater Activity Enterprise” within the meaning of Title 37, Article 45.1, C.R.S.; provided, however, after the current calendar year the Town may disqualify the System as an “enterprise” in any year in which said disqualification does not materially, adversely affect the enforceability of the covenants made pursuant to the Bond Ordinance with respect to the Bonds. In the event that the System is disqualified as an enterprise and the enforceability of the covenants made pursuant to the Bond Ordinance are materially, adversely affected, the Town covenants to (i) immediately take all actions necessary to qualify the System as an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution; and (ii) permit the enforcement of the covenants made therein.

Additional Obligations. The Bond Ordinance provides that no bonds, notes, interim securities, or other obligations will be issued payable from Net Revenues and having a lien thereon which is superior to the lien of the Bonds.

Parity Lien Obligations. The Bond Ordinance provides that the Town will not issue any Additional Parity Obligations with a lien on the Net Revenues and payable from the Net Revenues which is on a parity with the lien of the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan, unless the Mayor or other Town official or employee designated in writing by the Mayor certifies in writing that no Event of Default has occurred and is continuing, that the Town is current in the accumulation of all amounts required to be then accumulated in the Bond Account and the Reserve Account as required by the Bond Ordinance, and compliance with any additional debt test associated with any outstanding Parity Lien Obligations, if any, is satisfied and that either:

(i) the proceeds of the proposed Parity Lien Bonds will be used to refund the Bonds, the 2017 CWRPDA Loan, the 2018 CWRPDA Loan or other Parity Lien Bonds, and the maximum annual principal of and interest due on the proposed Parity Lien Bonds is not greater than the maximum annual principal of and interest due on the Bonds, the 2017 CWRPDA Loan, the 2018 CWRPDA Loan or other outstanding Parity Lien Bonds, that will be refunded; or

(ii) the Net Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this clause as the “test period”) have been equal to at least 110% of the sum of the combined maximum annual principal and interest requirements on the Bonds, the 2017 CWRPDA Loan, the 2018 CWRPDA Loan and any outstanding Parity Lien Obligations, and the proposed Parity Lien Obligations during each calendar year following the date of issuance of the proposed Parity Lien Obligations; provided that in calculating the Net Revenues during the test period, the Town may add an amount by which the Town reasonably estimates the Net Revenues would have been increased during the test period from any increase in rates, fees, and charges for services furnished by or the use of the System during or since said test period, the effect of which is to estimate a sum which would have been realized had the increase been in effect during the entire test period.

Subordinate Lien Obligations. The Bond Ordinance does not prohibit the Town from issuing Subordinate Lien Obligations and pledging or creating a lien on the revenues and moneys pledged for payment of the Bonds that is subordinate to the pledge thereof or lien thereon described above; provided that no Event of Default will have occurred and be continuing.

Events of Default and Remedies. The Bond Ordinance provides that each of the following events constitutes an Event of Default:

Nonpayment of Principal or Interest. The failure to make any payment of principal of, premium, if any, or interest on the Bonds when due under the Bond Ordinance.

Material Covenant Breach. A breach by the Town of any covenant set forth in the Bond Ordinance relating to the Bonds or failure by the Town to perform any material duty imposed on it under the Bond Ordinance and continuation of such breach or failure for a period of 60 days after receipt by the Town Attorney of the Town of written notice thereof from the Paying Agent or from the Owners of at least 10% in principal amount of the outstanding Bonds.

Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Ordinance providing for the issuance of Parity Lien Bonds.

Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Bonds pursuant to the Bond Ordinance is entered with the consent or acquiescence of the Town or is entered without the consent or acquiescence of the Town but is not vacated, discharged or stayed within 30 days after it is entered.

When an Event of Default has occurred, the Owners of not less than 25% in principal amount of the applicable Bonds then outstanding have the right to take or to direct the Paying Agent to take any action permitted or required pursuant to the Bond Ordinance and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Town, including, without limitation, to obtain *ex parte* the appointment of a receiver of the System.

No remedy conferred upon or reserved to the Paying Agent is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default will impair any such right, remedy or power or will be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient.

Amendments to Bond Ordinance. The Bond Ordinance provides that the Town may, without the consent of or notice to the Owners of the Bonds, adopt one or more ordinances amending or supplementing the Bond Ordinance, which ordinances will thereafter become a part hereof, for any one or more or all of the following purposes: (i) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of the Bond Ordinance; (ii) to subject to the Bond Ordinance additional revenues, properties or collateral; (iii) to facilitate the designation of a substitute securities depository or to terminate the book-entry registration system for the Bonds; (iv) to facilitate the issuance of Parity Lien Obligations; and (v) to make any other change that does not materially adversely affect the Owners of the Bonds. Except for the foregoing, the Bond Ordinance may only be amended: (i) by an ordinance of the Town amending or supplementing the Bond Ordinance (which, after the consents required therefor, will become a part of the Bond Ordinance); and (ii) with the written consent of the Owners of at least 66 2/3% in aggregate principal amount of the Bonds then outstanding; provided that any amendment that makes any of the following changes with respect to any Bond will not be effective without the written consent of the Owner of such bond: (A) a change in the maturity of such bond; (B) a reduction of the interest rate on such bond; (C) a change in the terms of redemption of such bond; (D) a delay in the payment of principal of, premium, if any, or interest on such bond; (E) the creation of any pledge of or lien upon any revenues or moneys pledged for the payment of such bond under the Bond Ordinance that is superior to the pledge and lien for the payment of such bond under the Bond Ordinance; (F) a relaxation of the conditions to the issuance of Parity Lien Bonds or to the creation of any pledge of or lien upon any revenues or moneys pledged for the

payment of such bond under the Bond Ordinance that is equal to or on a parity with the pledge and lien for the payment of such bond under the Bond Ordinance; (G) a reduction of the principal amount or percentage of Bonds whose consent is required for an amendment to the Bond Ordinance; or (H) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such bond.

For purposes of the foregoing, so long as the Insurer is not in default of its payment obligations under the Policy, it will be deemed to be an Owner of the Bonds.

Bond Ordinance Irrepealable. The Bond Ordinance provides that after any of the Bonds are issued, such ordinance will remain irrepealable, but amendable, until the Bonds and the interest accruing thereon will have been fully paid, satisfied, and discharged.

Debt Service Coverage

The following table sets forth the coverage factor which would have been provided by the Net Revenues for the past five years for the estimated Maximum Annual Debt Service coverage for the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan (\$2,036,230). The debt service requirements for the Bonds, the CWRPDA Loan and the CWRPDA Loan are set forth in “—Debt Service Requirements” below.

TABLE I
Debt Service Coverage

	2019	2020	2021	2022	2023
Gross Revenues					
Operating Revenue	\$ 878,887	\$1,066,308	\$1,125,167	\$1,171,902	\$1,329,232
Wastewater Development Fees	349,320	812,630	1,001,443	130,129	1,756,485
Non-Operating Revenues	<u>31,704</u>	<u>376,476</u>	<u>2,812</u>	<u>244,155</u>	<u>601,897</u>
Total Gross Revenues	<u>1,259,911</u>	<u>2,255,414</u>	<u>2,129,422</u>	<u>1,546,186</u>	<u>3,687,614</u>
Operation and Maintenance Expenses	<u>427,982</u>	<u>420,506</u>	<u>659,746</u>	<u>605,173</u>	<u>709,454</u>
Net Revenue Available For Debt Service	<u>\$ 831,929</u>	<u>\$1,834,908</u>	<u>\$1,469,676</u>	<u>\$ 941,013</u>	<u>\$2,978,160</u>
Historical Debt Service	\$235,768	\$235,768	\$235,768	\$235,768	\$235,768
Actual Debt Service Coverage	3.53x	7.78x	6.23x	3.99x	12.63x
Maximum Annual Debt Service Requirements	\$2,036,230	\$2,036,230	\$2,036,230	\$2,036,230	\$2,036,230
Debt Service Coverage Factor	0.41x	0.90x	0.72x	0.46x	1.46x

Source: Town audited financial statements, the Town and the Underwriter

Debt Service Requirements

Set forth in the following table are the debt service requirements for the Bonds, the 2017 CWRPDA Loan and the 2018 CWRPDA Loan. See the cover page of this Official Statement for the actual interest rates for each maturity of the Bonds.

TABLE II
Debt Service Requirements ¹

Year	The Bonds		2017	2018	Annual Total
	Principal	Interest	CWRPDA Loan	CWRPDA Loan	
2025	\$ 440,000	\$ 1,311,338	\$ 152,749	\$ 83,020	\$ 1,987,107
2026	475,000	1,322,962	152,748	83,020	2,033,730
2027	500,000	1,299,213	152,749	83,020	2,034,982
2028	525,000	1,274,212	152,748	83,020	2,034,980
2029	550,000	1,247,963	152,749	83,020	2,033,732
2030	580,000	1,220,462	152,748	83,020	2,036,230
2031	605,000	1,191,463	152,749	83,019	2,032,231
2032	635,000	1,161,212	152,748	83,020	2,031,980
2033	670,000	1,129,463	152,749	83,019	2,035,231
2034	700,000	1,095,962	152,748	83,020	2,031,730
2035	735,000	1,060,963	152,749	83,019	2,031,731
2036	775,000	1,024,212	152,748	83,020	2,034,980
2037	810,000	985,463	152,749	83,019	2,031,231
2038	855,000	944,962	152,748	83,020	2,035,730
2039	895,000	902,213	152,749	83,019	2,032,981
2040	940,000	857,462	152,748	83,020	2,033,230
2041	985,000	810,463	152,749	83,019	2,031,231
2042	1,035,000	761,212	152,748	83,020	2,031,980
2043	1,090,000	709,463	152,749	83,019	2,035,231
2044	1,145,000	654,962	152,748	83,020	2,035,730
2045	1,200,000	597,713	152,749	83,019	2,033,481
2046	1,250,000	548,212	152,749	83,020	2,033,981
2047	1,300,000	496,650	152,749	83,019	2,032,418
2048	1,355,000	443,025	76,374	41,510	1,915,909
2049	1,410,000	387,131	--	--	1,797,131
2050	1,470,000	328,969	--	--	1,798,969
2051	1,530,000	268,331	--	--	1,798,331
2052	1,590,000	205,219	--	--	1,795,219
2053	1,660,000	139,631	--	--	1,799,631
2054	<u>1,725,000</u>	<u>71,157</u>	<u>--</u>	<u>--</u>	<u>1,796,157</u>
Total	<u>\$29,435,000</u>	<u>\$24,451,663</u>	<u>\$3,589,591</u>	<u>\$1,950,961</u>	<u>\$59,427,215</u>

¹ Assumes no optional redemptions prior to maturity. Figures have been rounded and actual payments may vary slightly from amounts presented.

Source: The Underwriter

BOND INSURANCE

Set forth below is a brief summary of certain information concerning the Insurer and the terms of the Insurance Policy. Information with respect to the Insurer and the Insurance Policy has been supplied to the Town by the Insurer. The following discussion does not purport to be complete and is qualified in its entirety by reference to the Insurance Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

THE SYSTEM

Establishment of Enterprises

Pursuant to an authorizing ordinance duly adopted by the Town, the Wastewater Activity Enterprise of the Town has all of the authority, powers, rights, obligations, and duties as may be provided or permitted by the Wastewater Activity Law, and as may be further prescribed by ordinance or resolution of the Town. For a description of the Town’s covenant to maintain the System as an “enterprise” within the meaning of TABOR, see “THE BONDS—Security for the Bonds.”

The Board of Trustees of the Town (previously defined as the “Board”), serves as the governing body of the Enterprise, and the officers of the Board serve as officers of the governing body of the Enterprise. Powers of the Enterprise include, but are not limited to, the power to issue revenue bonds in the manner in which Town revenue bonds may be issued without voter approval in advance and to pledge any revenues of the System to the payment of such revenue bonds. See “SYSTEM FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending—*Enterprise Exemption*” for a discussion of the TABOR amendment.

Generally

The System currently serves 1,718 customers with approximately 1,506 or 88% of those accounts being residential accounts. The management of the System is conducted by the Utilities Department, with guidance from the Town Manager's Office and review and approval by the Board. The Utilities Department is administered by the Director of Capital Projects and Utility Director who is assisted by five employees. The Utilities Department is responsible for the distribution of water for domestic use to customers within the Town and the maintenance, repair and replacement of all mains, lift stations, bypasses and service facilities. In addition, this department is responsible for the treatment and management of sewage and wastewater to protect public health and the environment. The Utilities Department plans future development by extending distribution and collection mains that serve a regional benefit. Some of the extensions are expedited due to timing of certain development sites. In said case, where infrastructure is development driven, the developer may be required to extend utilities to their site as well as within their site. The construction and installation of major collection or distribution system lines are the responsibility of the Town; however, System collection and distribution lines necessary to serve individual developments within the boundaries of the Town are the responsibility of the developers. For job descriptions and biographies for the Town's Manager, Deputy Town Manager and Treasurer, see "APPENDIX D—THE TOWN—Administration and Management."

Management and Operations

The operation and maintenance of the System is supervised by the Director of Capital Projects and Utilities. Currently, the Town has an Operator in Responsible Charge for the water and wastewater system who holds a Class C in Wastewater and Water Treatment as well as a Level 3 in Collections and Distribution. In addition, there are four full-time employees cross trained to work in both the water and wastewater systems including: an operator who holds a Class D in both Water and Wastewater Treatment; an Operator who holds Class C Wastewater, Class D Water and Distribution 2 Certifications; an additional Operator who holds Class D Wastewater, Collections 2 and Distribution 1 Certifications; and an additional operator with a Class D Wastewater Certification B.

Director of Capital Projects and Utilities. The Director of Capital Projects and Utilities is authorized and empowered to perform such duties and obligations as are necessary and proper to carry out the duties of the Utilities Department and to adopt necessary rules and regulations therefor, to the extent permitted by State law. The responsibilities of the Director of Capital Projects and Utilities include but are not limited to all aspects of operations and infrastructure needed to provide high quality water, wastewater and storm drainage services to the community.

The current Director of Capital Projects and Utilities is Daniel Pershing. Mr. Pershing has almost two decades of experience in project management and engineering, with a P.E. in Civil Engineering Construction. Mr. Pershing will oversee the construction of the Wastewater Treatment Plant Expansion Project including the bidding process and managing any consultant(s) retained by the Town for both design and construction. See "THE BONDS—Use of Bond Proceeds."

System Certification. According to the Town Engineer, the overall general condition of the existing System is good to very good.

The Capital Asset Inventory and Master Plan

General. The Town currently provides wastewater service to customers located inside the boundaries of the Town (the “Service Area”) which currently encompasses approximately 5.73 square miles. The Town’s proximity to the expanding Denver metropolitan area, Denver International Airport, Colorado Air and Space Port, Interstate Highway 70 (“I-70”), Colorado Toll Road E-470 and the Union Pacific Railroad are all factors that could have a direct impact on the future growth of the Town. The Town’s growth intentions are reflected by its objective to plan, protect, and construct adequate capital infrastructure to build sustainability for current and future residents of the Town. Historically, the Town has commissioned numerous reports to monitor growth and the effects on Town programs and infrastructure and available funding to manage the growth, including: the 2003 BBC Research and Consulting Impact Fee Study; the 2008 RTW Water-Wastewater Master Plan and Rate Study; and, the 2024 Impact Fee Update.

The CAIMP. In 2017, the Town initiated a utility master plan update by submitting a proposal to the Colorado Division of Local Affairs (“DOLA”) requesting grant funds to assist in financing the update. DOLA encouraged the Town to become a pilot community for its fiscal sustainability program and to expand the scope of the proposed project to include all Town assets. The revised proposal was accepted by DOLA with the Town receiving a DOLA grant in the amount of \$125,000 to be matched by the Town with a \$125,000 cash contribution. Additionally, in the spring of 2018, the Town was awarded \$40,000 from Adams County Open Space to be used for a parks, trails, and open space master plan update. The combined funds from DOLA, Adams County and the Town provided for the drafting of the Town’s Capital Asset Inventory and Master Plan (the “CAIMP”).

The Town’s senior staff, Terramax, Inc., Aqua Engineering, Jehn Water Consultants., Inc, Northline GIS, Direct Discharge, Kendrick Consulting, Inc., Norris Design and SM Rocha, LLC., made up the consulting team responsible for the development of the CAIMP. Additionally, public forums were hosted to provide residential input and historical data. The CAIMP, dated November 12, 2019, summarizes a comprehensive review of the Town’s capital needs, updating cost estimates and reviewing changes in development projections and impacts for the Town in order to determine the capital facilities needed to serve new development and the proportionate costs of such facilities that may be charged to proposed development through impact fees. A copy of the CAIMP is available on the Town’s website.

In 2024, Town Management, Town Staff and consultants reviewed and updated the CAIMP to encompass all changes within the Town’s infrastructure and population growth as well as any known or projected future growth.

Growth Projections. Growth projections were developed to support the CAIMP 2024 update by providing population and land use density projections over a 10-year period as a basis for capital asset demand analysis. Research on projected growth was two-fold, first compiling and analyzing zoning data to project land uses and densities within the Town boundaries, and second, to compile population data in order to establish a population growth rate over the same period. The properties were identified through planning records and separated into residential versus nonresidential development. As set forth in the CAIMP, the potential for residential and commercial growth is significant in the Town based upon property owner and developer interviews regarding the current market. The current anticipation for growth is a result of three major contributing factors seen across the State including: the current and increasing population growth in the State; expansion and population increase in the Denver metropolitan area; and, the increase in housing prices that are pushing buyers into surrounding areas such as the Town. As set forth in the CAIMP the Town’s population is expected to reach 18,374 by year 2034 which equates to approximately 6,780 single family equivalents (“SFE”) (residential, industrial and commercial). Such growth represents an increase of approximately 354% from the Town’s July 2024 estimated population of 4,048. See

“INVESTMENT CONSIDERATIONS—Future Development” and “—System Capital Program” hereafter.

Funding Financial Plans. Through the compilation of the CAIMP report, the Town identified the following procedural steps to insure proper funding in preparing financial plans for current and future assets: (a) define current financial conditions for each system (i.e., water, wastewater) including cash resources and budget and borrowing power; (b) develop future financial projections of capital and operating and maintenance accounts based on potential revenue sources, i.e., taxes, development fees, user fees; (c) research and summarize possible funding sources, such as grants, loans, development contributions, user rates, project bonds, sales tax, leasing options, performance contracts and public-private partnerships; and (d) develop a cash-flow financial planning model that allows staff and users to input and change key variable inputs such as the capital project implementations, timing and various growth scenarios providing a rate policy discussion tool for impact, development and user fees for all systems.

The CAIMP is based on key assumptions made by the CAIMP Team and, like any analysis or forecast, is inherently subject to variations in the assumed data. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Actual results will vary from those projected, and such variations may be material. See “INVESTMENT CONSIDERATIONS—Future Development.”

The System

Wastewater Systems. Two wastewater systems operate within the Town. The Wastewater Activity Enterprise operates the North Wastewater System (“NWWS”) that serves the Town north of Interstate 70. The NWWS is a centralized wastewater collection system with an advanced water resource recovery facility (as previously defined, “WRRRF”). The South Wastewater System (“SWWS”) serves the Antelope Hills development south of Interstate 70. The SWWS is comprised of privately-owned on-site wastewater treatment systems (“OWTS”) more commonly known as septic systems. No revenues of the SWWS are part of the Wastewater Activity Enterprise or pledged to repayment of the Bonds. Due to its simplicity and private ownership, the SWWS was not evaluated as part of the CAIMP project, and only the NWWS is discussed herein. A complete description and additional documents including drawings, schematics, and a detailed system inventory resides in the Town’s active GIS platform. A summary of key components within the NWWS are as follows:

Wastewater Collection System and Lift Stations. The Town’s current wastewater collection system consists of over 71,000 lineal feet of sewer pipes ranging from 4-inches to 18-inches in diameter, and pipe materials consisting of vitrified clay (VCP), polyvinyl chloride pipe (PVC), and steel.

The collection system includes two lift stations: the Cordella Lift Station and the Penrith Park Lift Station. The former High School Lift station has since been decommissioned and replaced with a gravity system. The Cordella Lift Station currently serves 39 residential units with a designed annual average daily flow of 87,500 GPD. The Penrith Lift Station currently serves 185 residential units with a designed annual average daily flow of 73,500 GPD. This lift station also has future plans for expansion, driven by development within this corridor. Also, the WRRRF has its own lift station called the Influent Lift Station.

Wastewater Treatment–Water Resource Recovery Facility. In early 2019, the Town finished construction and commissioned a new WRRRF located on the north end of Town, bordering East 38th Avenue and Darco Street. The WRRRF is permitted by the Colorado Department of Public Health and Environment (“CDPHE”) for a hydraulic design capacity 0.4 MGD and an organic loading capacity of 1,130 pounds per day of biochemical oxygen demand (“BOD5”). BOD5 is the amount of oxygen required

to convert the organic material in the wastewater. The facility discharges to an unnamed tributary of Sand Creek.

The Improvement Project will expand the WRRRF from rated hydraulic and organic capacities of 0.4 million gallons per day (mgd) and 854 pounds per day (ppd) biochemical oxygen demand (BOD5), respectively to 0.99-mgd and 2,972 pounds per day (ppd) BOD5, respectively. Currently, the facility discharges treated effluent to an unnamed tributary of West Sand Creek (Segment COSPMS03a) per the Colorado Discharge Permit System discharge permit COG589069 administered by the Colorado Department of Public Health and Environment (CDPHE). North of I-76, West Sand Creek discharges to Lost Creek, which in turn feeds the South Platte River.

The existing WRRRF was constructed in 2018 and consists of an influent lift station, headworks, sequencing batch reactors (SBRs), solids holding and dewatering, ultraviolet (UV) disinfection, and outfall pipe. Biosolids generated by the secondary treatment process are dewatered in a press and landfill disposed using a contract hauling service.

The proposed expansion of the WRRRF via the Project will increase the total hydraulic and organic capacities to 0.99-mgd and 2,972 pounds per day (ppd) BOD5, respectively. The Project is expected to include the following components:

- (i) A new self-cleaning influent pumping station;
- (ii) Preliminary Treatment: to expand the headworks building, to install two new 2-mm fine screens (duty, standby), to install two new larger vortexing grit chambers (duty, future) and relocate flow monitoring and sampling;
- (iii) Secondary Treatment: retrofit of existing SBR basins with advanced biological nutrient removal secondary process (nitrogen removal), new Membrane Bioreactor (MBR) system to provide secondary clarification, feed forward pumps (secondary to MBR feed), and gravity flow RAS (MBR to head of BNR);
- (iv) Maintain the existing waste activated sludge pumps and the existing biosolids handling system;
- (v) Replace the existing UV disinfection system; and
- (vi) Provide upgraded electrical, instrumentation and controls systems.

When completed, it is anticipated that the Improvement Project will meet the Town's projected increased wastewater capacity needs through approximately 2034.

Planned Reclaimed Water System. Due to the high quality of effluent produced by the WRRRF, treated effluent can be permitted by CDPHE to be used by the Town for irrigation and for construction needs. The increased level of treatment proposed by the expansion project would increase this allowable use to residential fire protection, vehicle washing, and commercial laundry. In recognition that reclaimed water use will preserve the Town's potable water supplies, the Town has implemented a reuse project to convert the old wastewater treatment ponds to become reclaimed water storage reservoirs; along with an on-site pumping and water delivery (load out) station. Refer to the AQUA Engineering Wastewater Memorandum and the AQUA Basis of Planning and Capacity Assessment available on the Town's website for further information. Since 2019 the Town has received \$3.9M in grant funding and approximately \$1M from developers in cash and in-kind to create a "Purple Pipe Beltway" and two storage ponds for reuse

water. These grants have allowed so the Town to install approximately 6 miles of purple pipe main and create 9 million gallons of storage in our repurposed wastewater lagoons. The Town was recently awarded \$2M in grant funds which was matched by the expansion of one storage pond and the installation of a hex tile cover for both ponds. In addition, the Town will complete our second crossing of the Union Pacific Railroad and Highway 36, on the east side of Town. This crossing will meet up with future development plans and allow for the beltway to circumvent the east side of Town to eventually cross Highway 79 and connect to the west system already installed.

Basis of Planning and Design. In 2018, the Town’s NWWS conveyed and treated an annual average of approximately 116,000 gallons per day of wastewater (0.116 MGD). As of October 2019, the average increased to approximately 140,000 gpd, which is a 20% increase from the 2018 annual average daily flow. The increase is due to growth in the NWWS. In 2022, the Treatment plant saw an average daily flow of 0.175MGD. In 2023 the influent flow increased 9% to 0.190MGD. The current average influent flow in 2024 is 0.204 MGD.

Assessment/Evaluation. The Town’s existing wastewater system infrastructure was evaluated and assessed with regard to its ability to serve the Town’s needs for a 10-year planning period (Year 2034). The capacity, condition, and criticality of the Town’s collection system, lift station, and water resource recovery facility was evaluated. The assessment used various tools including analysis spreadsheets and a computer sewer system modeling software to identify capacity deficiencies and needs. For example, the projected capacity shortfalls note the capacity analysis is highly dependent on growth and also the amount of wastewater generated per SFE. The sewer system model and capacity assessment spreadsheet tools are included in the CAIMP project GIS database and will be reviewed and updated annually as actual growth occurs. Data on the actual unit wastewater generation rates (gpd/ SFE) will also be collected and the model updated and calibrated. When completed, it is anticipated that the Improvement Project will meet the Town’s projected increased wastewater capacity needs through approximately 2034.

Recommendations/CIP. The assessment and evaluation process identified wastewater infrastructure improvement needs and recommended capital improvements projects. These projects were then entered into the Town’s GIS database in the GIS “CIP Dashboard”. The dashboard contains detailed information on each recommended project including cost, description, timing, and location. In summary, the assessment recommended 7 capital projects with a total value of \$89 million be implemented through 2034. A detailed summary list or details on any individual project can be generated by the Town’s GIS program on demand.

The Town will continue to use the assessment and planning tools developed by the CAIMP project to identify deficiencies and needs and define recommended capital improvement projects. As these projects are identified, they will be entered into the Town’s GIS program.

System Capital Program

The CAIMP provides a detailed assessment of, and capital improvement recommendations for, the System. The Town’s existing System infrastructure was evaluated and assessed, with regard to its ability to serve the Town’s needs for the 10-year planning period through 2034. The capacity, capability, and criticality of the Town’s wastewater system, including collection lines, lift stations and treatment facilities were evaluated. The assessment and evaluation process identified System infrastructure improvement needs and recommended 17 capital projects with a total value of \$113.5 million to be implemented over the next 10 years (the “System Capital Program”). These projects include 7 Town-funded projects as well as infrastructure installed by third parties associated with future development. The Town created a Capital Improvement Projects Dashboard (the “CIP Dashboard”) within the Town’s GIS database that contains detailed information on each recommended project including cost, description, timing, and location

providing for the entire replacement, impact, and development of the System. These large capital projects will be funded through the collection of Wastewater Development Fees paid with building permits or water taps, as well as through developer contributions in the form of cash or infrastructure construction as dictated by a Subdivision Improvement Agreement. Additionally, the Town may obtain grants, loans, or other outside funding sources.

The CIP Dashboard is a dynamic tool to be updated as often as necessary to reflect changes being made to the System and the System Capital Program. The Town will continue to use the assessment and planning tools developed by the CAIMP to identify deficiencies and needs and define recommended capital improvements projects to the System.

There is no guarantee that growth within the Town will occur as anticipated or the associated increase in revenues from Wastewater Development Fees. Therefore, the Town appropriates funds for capital projects for the following fiscal year based on the revenue sources received (grants, impact fees, etc.). As a result, no guarantee can be made that these projects will be completed in the years set forth in the CAIMP, or that financing will be available for the projects. See “INVESTMENT CONSIDERATIONS—Future Development.”

2024 System Capital Improvement Plan. Annually, at the time of budget preparation for each Fiscal Year, the Town prepares and updates the Town’s capital improvement plan, including the System Capital Plan, utilizing CAIMP recommendations, setting forth anticipated projects and funding sources for the upcoming budget year and the next five years. Financing for the System Capital Plan is expected to be financed with bond proceeds, grants, loans and available Town funds. In 2023 and 2024, the Town continued efforts to update the System by designing and planning the next phases of wastewater collection and treatment. The expansion and upgrade of the Water Resource Recovery Facility (the “WRRRF”) is the major project identified for the growth and expansion of the system. In addition, another expansion of the facility will need to take place if growth continues as projected in the year of 2032. The final major project is the Western Bypass that will allow for our western most Town limits to flow into the current system.

The following table sets forth proposed System Capital Projects for 2024-2025. There is no guarantee that these projects will be completed in 2025, or at all, or that financing will be available for the projects. Certain of the 2025 System Capital Projects may be financed with Bond proceeds. See “THE BONDS—Use of Bond Proceeds—*The Improvement Project.*”

Proposed 2024-2025 System Capital Projects

Project	Estimated Cost
Wastewater Treatment Plant Expansion	\$30,000,000
Custard Street Bypass	1,500,000
Truman Bypass	800,000
Whole System Monitoring Stations	<u>160,000</u>
Total	<u>\$32,460,000</u>

Wastewater Capital Fund. The following table sets forth historical and year to date information on the Town’s Wastewater Capital Fund representing revenues primarily collected from developers. See also “SYSTEM FINANCIAL INFORMATION—Historical and Budgeted System Financial Information.”

**Table III
Wastewater Capital Fund Revenue/Expense History**

	2020	2021	2022	2023	2024	2024
	Actual	Actual	Actual	Actual	Budget	Year to Date
						Actual ¹
Beginning Fund Balance:	\$ 971,903	\$1,516,816	\$2,303,449	\$2,300,413	\$1,221,375	\$3,023,072
Revenues						
Capital Development						
Fee	812,630	1,001,443	130,129	1,756,485	1,849,408	812,938
Other Revenue	<u>359,243</u>	<u>1,243</u>	<u>208,794</u>	<u>129,497</u>	<u>148,372</u>	<u>118,817</u>
Total Revenues	<u>1,171,873</u>	<u>1,002,686</u>	<u>338,922</u>	<u>1,885,981</u>	<u>1,997,780</u>	<u>931,755</u>
Expenses						
Capital Transfer	<u>626,961</u>	<u>216,053</u>	<u>341,958</u>	<u>1,163,323</u>	<u>40,821</u>	--
Total Expenses	<u>626,961</u>	<u>216,053</u>	<u>341,958</u>	<u>1,163,323</u>	<u>40,821</u>	--
Total Revenues Less						
Expenditures	<u>544,912</u>	<u>786,633</u>	<u>(3,036)</u>	<u>722,658</u>	<u>1,956,959</u>	<u>931,755</u>
Ending Fund Balance	<u>\$1,516,816</u>	<u>\$2,303,449</u>	<u>\$2,300,413</u>	<u>3,023,072</u>	<u>\$3,178,334</u>	<u>\$3,954,827</u>

¹ Actual year to date figures through October 14, 2024. In addition, the Town is currently holding in escrow \$1,362,000 in pre-paid sewer development fees. Developers will receive a discounted rate if their permits are pulled prior to an agreed upon date, otherwise the funds will remain in escrow and be applied towards the current sewer development fee. Regardless, funds will not be returned to a developer in cash. Source: Town 2024 Budget Document and Town Finance Department

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SYSTEM FINANCIAL INFORMATION

The Bonds are secured by and payable solely from the Net Revenues. See “THE BONDS—Security for the Bonds.” Set forth hereafter is a description of System customer information and historical and budgeted financial information for the Wastewater Fund.

Customer Information

The Town classifies its wastewater accounts as residential, commercial, industrial and governmental and all customers are located within the Service Area. The Town currently provides water service to 1,718 SFEs, of which 1,506, or 88%, are classified as residential. Wastewater customers generated \$1,329,232 in wastewater service fees in 2023. The following tables set forth certain information on System customers.

TABLE IV
Historical Customers by Classification

Classification	Customers				
	2020	2021	2022	2023	2024
Residential	960	1,060	1,190	1,343	1,506
Commercial/Industrial	122	122	129	136	146
Other (Government)	<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>
Total	<u>1,148</u>	<u>1,248</u>	<u>1,385</u>	<u>1,545</u>	<u>1,718</u>

Source: Town Finance Department

System User Rates and Charges

Pursuant to Resolution No. 391, effective January 15, 2009, the Board conducts an annual review and analysis of the costs of operating and maintaining the System, improving the System to serve new users and other costs. Based upon consideration of the expenses of operation and maintenance of the System, and the repayment of Town obligations, the Board must make any proper revision of existing fee schedules to meet the anticipated amount of such costs during the forthcoming year. The monthly wastewater rates, wastewater development fees, and other rates, fees, tolls and charges to cover such costs are set forth in the Directory of Fees and Charges to be effective each January 1 (the “Fee Schedule”). The current rates and charges became effective on October 1, 2024. Base rates and user rates did not change on October 1, 2024 but wastewater development fees increased effective October 1, 2024 from \$16,280 to \$20,626.

Monthly Wastewater Rates. Wastewater bills consist of a wastewater base charge and a wastewater usage charge. Wastewater usage fees are calculated to cover the cost of all operating, maintenance and administrative costs of the System. As established in the CAIMP, due to the continued need for System repairs and new construction and the Board policy to create a fund balance to finance future System expansion, the Board adopted a base rate increase from \$40.00 to \$41.00 for each Unit (defined below) effective January 1, 2024. Effective January 1, 2025, the base rate will increase by approximately 2.5% to \$42.03, and the usage rate will increase by approximately 2.4% to \$8.45.

One Unit is defined as one single household residence. Single family residential users are charged the wastewater base fee of \$41, plus an amount based upon wastewater usage as set forth below. For purposes of determining rates payable for multiple Unit customers, a Unit is calculated by the Director of Finance as provided in the Fee Schedule.

Wastewater Usage Fees (effective January 1, 2025)

Water Usage (gallons)	Fee Per Unit
Base Rate	\$42.03
Usage Rate per 1,000 gallons	\$8.45

The minimum monthly wastewater fees as set forth in the Fee Schedule are payable regardless of whether any quantity of wastewater in a given month is used. These fees are due regardless of whether the unit is occupied and are due beginning on the date a wastewater tap is purchased. The usage rate is based upon the usage for each one thousand (1,000) gallons of based on the median water usage (the “AWMC”) in a specified structure as measured through the water tap associated with the structure for the most recent three-month period commencing November 15 and ending February 15. The AWMC is reset annually in April of each year by the Finance Director of the Town. The average wastewater bill in 2023 for a single family residence within the Town was \$70.59.

**TABLE V
2023 Wastewater Usage by Category**

Category	Wastewater Usage (Gallons)	Percent of Total Usage	Total Revenues Collected	Percent of Total Billed
Residential	62,979,669	87.66%	\$483,194	87.66%
Commercial/Industrial	6,105,599	8.50	46,843	8.50
Other (Government)	<u>2,760,065</u>	<u>3.84</u>	<u>21,176</u>	<u>3.84</u>
Total	<u>71,845,333</u>	<u>100.00%</u>	<u>\$551,213</u>	<u>100.00%</u>

Source: Town Finance Department

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The following tables set forth information on the largest accounts of the Wastewater System for 2022 and 2023 by total revenue and by total water consumption, respectively.

TABLE VI
Largest Accounts of the System by Total Revenue

Customer ¹	2022		2023	
	Total Revenue Collected	Percent of Total Service Charges Collected ²	Total Revenue Collected	Percent of Total Service Charges Collected ³
Bennett School District	\$ 43,498	3.75%	\$ 43,218	3.31%
Kroger Utilities	30,303	2.61	31,312	2.40
Jackie Lantz Properties	24,670	2.13	23,017	1.76
Golden Oaks Retirement	17,126	1.48	16,449	1.26
Horizon Condos	15,618	1.35	17,167	1.31
McDonald Mobile Home	12,386	1.07	13,538	1.04
RSDS Wash & Wax	10,582	0.91	7,772	0.59
RSDS Trailer Park	8,905	0.77	8,882	0.68
High Plains Diner	8,057	0.69	7,653	0.59
S&M LTD Properties	<u>7,411</u>	<u>0.64</u>	<u>7,521</u>	<u>0.58</u>
Total	<u>\$178,556</u>	<u>15.39%</u>	<u>\$176,529</u>	<u>13.51%</u>

¹ Customers may have several accounts due to use of wastewater.

² Based on total wastewater service charge revenues of \$1,160,257 collected in 2022.

³ Based on total wastewater service charge revenues of \$1,306,436 collected in 2023.

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TABLE VII
Largest Accounts of the System by Wastewater Usage

Customer ¹	2022		2023	
	Wastewater Usage (gallons)	Percent of Total Wastewater Usage ²	Wastewater Usage (gallons)	Percent of Total Wastewater Usage ³
Kroger Utilities	2,180,004	3.34%	1,160,004	1.56%
Bennett School District	1,277,724	1.95	1,432,008	1.93
RSDS Wash & Wax	1,227,996	1.88	752,004	1.01
Jackie Lantz Properties	1,212,000	1.85	1,225,992	1.65
Dominos	768,000	1.18	1,524,000	2.05
McDonald Mobile Home	716,004	1.10	588,000	0.79
Golden Oaks Properties	564,000	0.86	380,004	0.51
Horizon Condos	564,000	0.86	620,004	0.84
High Plains Diner	555,996	0.85	228,000	0.31
Bennett Rec District	<u>507,996</u>	<u>0.78</u>	<u>332,004</u>	<u>0.45</u>
Total	<u>9,573,720</u>	<u>14.65%</u>	<u>8,272,020</u>	<u>11.10%</u>

¹ Customers may have several accounts due to multiple water taps at same address.

² Based on total wastewater usage of 65,358,453 gallons in 2022.

³ Based on total wastewater usage of 74,223,216 gallons in 2023.

Wastewater Development Fees

As provided in the Town Code, the Town has the authority to impose a wastewater development fee to fund expenditures by the Town on capital facilities needed to serve new development. Any applicant desiring to connect to, take and use wastewater from the System must pay the Town a wastewater development fee (the “Wastewater Development Fee”), in the amount of \$20,626 per SFE, as set forth in the Fee Schedule, updated annually and posted as part of the annual budget. The amount of the Wastewater Development Fee will be determined by the Town based upon an SFE calculator adopted by the Town Wastewater Engineer and by reference to the wastewater usage tier and fee schedule set forth in the Fee Schedule. An SFE is a numerical value assigned to a specific property based on the demand placed on the infrastructure of the Town by one Unit in accordance with the Fee Schedule and the SFE calculator set forth in the Town Code. Payment of the Wastewater Development Fee is due prior to the issuance of a building permit.

The Town Code requires periodic review of the Town’s impact fees to ensure that: (i) the demand and cost assumption underlying the impact fees are still valid; (ii) the resulting impact fees do not exceed the actual costs of constructing capital facilities that are the type for which the fees are paid and that are required to serve new impact-generating development; (iii) the monies collected or to be collected in each impact fee fund have been paid and are expected to be paid and are expected to be spent for capital facilities for which the fees were paid; and (iv) the capital facilities for which the fees are to be used will benefit the development that paid the fees.

The Wastewater Development Fee is utilized by the Town to defray the Town’s costs in providing improvements to the System, which improvements include, but are not limited to, expansion of the collection and treatment system. Developers are also assessed wastewater inspection fees including among others, a tap inspection fee and a line inspection fee. The following table sets forth historical information on the Town’s Wastewater Development Fee rate and revenue collected from such fee.

**TABLE VIII
History of Wastewater Development Fees**

Year	Number of Applications	Wastewater Development Fee Per SFE	Wastewater Development Fee Revenue Collected
2019	223	\$ 5,540	\$ 349,320
2020	157	5,722	812,630
2021	154	5,722	1,001,444
2022 ¹	26	5,722	130,129
2023	166	16,280	1,756,485 ⁴
2024 ²	64	16,280 ³	812,938

¹ The Town's first two major developers had completed their projects by 2022. During that year the developers were installing infrastructure and started to build in 2023 as reflected in the increased revenue.

² Tap fees issued through October 14, 2024.

³ Pursuant to recommendations of CAIMP, effective January 1, 2023 the Wastewater Development Fee was increased to \$16,280. Effective October 1, 2024 the fee was increased to \$20,626.

⁴ Rates reduced on some developers due to Sewer Discount Agreement.

Cyclical Nature of Wastewater Development Fee. Due to the character of the collection that comprises the Wastewater Development Fee, the amount of such fee collected by the Town is subject to various economic factors. The amount of Wastewater Development Fee revenues is dependent upon the level of single-family equivalency growth. Like many smaller communities in Colorado, the Town’s growth projections as set forth in the CAIMP are significant when compared to the State and national average. CAIMP projections were based on local economic conditions, the rates of employment and economic growth, the availability of consumer credit and the level of consumer spending, and the level of real time residential and commercial development, among other things, that directly affect the amount of Wastewater Development Fee revenue. Further, the cyclical nature of such factors generally causes Wastewater Development Fee revenue to increase along with higher prices brought about by inflation of the capital infrastructure itself. See “INVESTMENT CONSIDERATIONS—Future Development—*Risks Related to Wastewater Development Fees.*”

Development Activity and Growth. As a result of the Town’s proximity to the Denver metropolitan area, Denver International Airport, the Colorado Air and Space Port, Interstate 70, the E-470 tollway and the Union Pacific Railroad, the Town is in a position to benefit from expected growth in the Denver metropolitan area and the Board is committed to responsible planned development, economic vitality and the establishment of a program for public improvements to accommodate such growth. The Town is experiencing new residential growth with approved plans for nearly 192 new homes between 2022 and June 2024. Currently, the Town has over 1,700 acres of land entitled for residential, commercial and industrial development. The Town estimates approximately 4,482 residential units to be constructed within the Town over the next 10 years. Residential neighborhoods in the Town have traditionally evolved from the center of Town outward and consist largely of single-family detached homes with some multi-family housing projects. Commercial development has progressed as necessary to serve the needs of residents. To

accommodate new development the Town has added approximately \$34,000,000 in infrastructure over the past five years, including, among others, three new well sites and a one million gallon at grade storage tank, new water and sewer mains, a reuse water system and storage, new roads including two new traffic signals, and a Public Works Facility and Safety Building. See “INVESTMENT CONSIDERATIONS—Future Development—*General Factors Affecting Development Within the Service Area of the System.*”

Since 2018 when LGI Homes began to construct new homes and acquired 95 new home permits, the Town has welcomed several new home builders, including DR Horton, Oakwood Homes, Richmond Homes, Dream Finder Homes and KB Homes. In addition, many commercial projects have been completed including a QuikTrip service station, a Comfort Inn hotel, a Sonic fast-food restaurant, a coffee shop, an automotive repair and tire center, a storage facility and two banks.

Currently the Town has five residential developers that are actively pulling permits for homes as well as one doing infrastructure work. In addition, our Planning Department has 63 applications at different phases of development. As set forth in the CAIMP the Town has experienced a growth rate of 57% since 2020. The following tables set forth information on historical home construction indicated by the issuance of certificates of occupancy and information on current active residential projects within the Town.

History of Homes Completed Within the Town ¹

Year	Certificates of Occupancy Issued
2019	32
2020	189
2021	125
2022	57
2023	98
2024	94

¹ Represents homes that have received certificates of occupancy.

² Certificates of occupancy issued for residential units through September 31, 2024.

Source: The Town

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Current Active Approved Development Projects Within the Town

Project Name	Builder	Size (acres)	Homes Approved	Homes Completed
Muegge Farms Filing 5	TBD	17.70	74	0
Bennett Ranch Filing 2	LGI Homes	8.90	84	0
Bennett Crossing Filing 5	KB Homes	83.90	241	0
Bennett Ave Town Homes	Stockman Builders	1.50	19	0
Muegge Farms Filing 7	Lennar	60.60	243	0
Horizon Village	Richmond Homes	20.17	87	0
Bennett Village	Lennar	21.40	133	126
Bennett Ranch Filing 1	LGI Homes	56.60	145	0
Muegge Farms Filing 4	Oakwood Homes/Lennar	84.20	366	65
Bennett Ranch Filing 2	LGI Homes	8.90	275	275
Skyview	DR Horton	39.40	175	175
Ash Street Town Homes	Ash Street Bennett	1.50	<u>24</u>	<u>24</u>
Total			<u>1,866</u>	<u>665</u>

Source: The Town

New Commercial Development. New commercial development underway in 2024 includes Bennett Self Storage and Farmers and Merchant Bank.

Annexations. The Town recently approved a petition for annexing the Brunner property, which is approximately 20 acres and is zoned R-2 – Mid Density Residential District. Richmond homes is currently working on the model homes for this property. LGI Homes completed another annexation of approximately 319 acres, this development is known as Bennett Woods. LGI will likely self-perform the construction. The annexation for the 1.5-acre 300 Bennett Avenue annexation was approved by the Board on June 23, 2020, and is currently working on infrastructure. The Developer 300 Bennett Ave Inc will be self-performing the home construction. The Town was able to complete the anticipated MacLennan annexation in 2023 which was 260-acre mixed use development. The developments have been renamed to Bennett Farms and Kiowa Preserve. The builders for these annexations are yet to be announced. In addition, the Town is currently working on a potential annexation known as the Laing property, south of I-70 which will be approximately 320 acres.

Billing and Collection

All accounts are metered with meters replaced every ten years on a rotating schedule. Service charges are billed on a monthly basis and due and payable within 25 days from the date of the bill. If payment is not received within 45 days of the date of the bill, a notice of discontinuance will be issued indicating that the service will be disconnected if not paid within 15 days from the date of the notice. Service is restored when all past due charges have been paid. In addition, the Town has the authority to certify delinquent charges in the amount of 5% per month if not paid within one month from the date of billing, but not to exceed 25% of the amount due.

All unpaid wastewater accounts will result in a lien against the property to which wastewater service is provided when certified by the Director of Finance to the County Treasurer in accordance with state law. Such lien will be prior and superior to all other liens, claims, titles and encumbrances, whether or not prior in time, except liens for general property taxes. The Town may enforce and foreclose the lien against the property, or the personal liability of the owner and customer, or both. No interest will be charged

or assessed on a delinquency charge or on any amount due other than the amount due prior to the date a tax lien is sold at tax lien sale pursuant to Article 11 of Title 39 CRS. The Town’s collection rate for System user fees has historically been 100%. See “INVESTMENT CONSIDERATIONS—Factors That May Cause Insufficiency of Expected Net Revenues—*Delay in Collection of Unpaid Amounts.*”

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Historical and Budgeted System Financial Information

The Town utilizes the enterprise fund concept for the System accounting, an accounting concept appropriate for governmental entities with revenue generating operations. The Town has established a Wastewater Fund to provide for the treatment and distribution of water. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service. Set forth below is a five-year comparative statement of the Wastewater Fund.

TABLE IX
Comparative Statement of Revenues, Expenses and Changes in Net Position

	2019	2020	2021	2022	2023
Operating Revenues					
Charges for Sales and Services					
Service Fees	\$ 853,617	\$ 1,066,308	\$ 1,125,167	\$ 1,171,902	\$ 1,329,232
Other	<u>25,270</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>878,887</u>	<u>1,066,308</u>	<u>1,125,167</u>	<u>1,171,902</u>	<u>1,329,232</u>
Operating Expenses					
Personnel	145,165	--	--	--	--
Operations	179,084	420,506	659,746	605,173	709,454
Professional Services	103,733	--	--	--	--
Depreciation	<u>246,917</u>	<u>329,278</u>	<u>474,898</u>	<u>474,977</u>	<u>471,675</u>
Total Operating Expenses	<u>674,899</u>	<u>749,784</u>	<u>1,134,644</u>	<u>1,080,150</u>	<u>1,181,129</u>
Operating Income	203,988	316,524	(9,477)	91,752	148,103
Nonoperating Revenues (Expenses)					
Net Investment Income	31,704	16,767	2,192	66,471	222,667
Intergovernmental	--	--	620	--	374,230 ³
Grant Income	31,627	257,618	--	--	--
Debt Interest and Fiscal Charges	--	(88,807)	(69,550)	(65,772)	(67,208)
Interest Expense	(70,983)	--	--	--	--
Other Revenue	<u>--</u>	<u>359,709</u>	<u>--</u>	<u>177,684</u>	<u>5,000</u>
Total Nonoperating Revenues (Expenses)	<u>(7,652)</u>	<u>545,287</u>	<u>(66,738)</u>	<u>178,383</u>	<u>534,689</u>
Income (Loss) Before Contributions and Transfers	196,336	861,811	(76,215)	270,135	682,792
Contributions and Transfers					
Capital Contributions-Development Fees	349,320	812,630	1,001,443 ²	130,129	1,756,485 ⁴
Capital Contributions	1,778,928 ¹	3,602,886 ¹	--	--	--
Transfers In	--	996,741	--	--	--
Transfers Out	<u>(55,178)</u>	<u>(1,306,835)</u>	<u>(131,515)</u>	<u>(170,903)</u>	<u>(220,300)</u>
Change in Net Position	2,269,406	4,967,233	793,713	229,361	2,218,977
Beginning Balance	<u>4,704,790</u>	<u>6,974,196</u>	<u>11,849,140</u>	<u>12,642,853</u>	<u>12,872,214</u>
Ending Balance	<u>\$6,974,196</u>	<u>\$11,941,429</u>	<u>\$12,642,853</u>	<u>\$12,872,214</u>	<u>\$15,091,191</u>

¹ According to Town officials, the increase in capital contributions is due to the conveyance of wastewater infrastructure to the Town from developers.

² According to Town officials, the increase is attributed to an additional developer beginning construction.

³ Intergovernmental Fee represents grant revenue.

⁴ According to Town officials, the increase in capital contribution, in 2023 is the result of increased developer activity.

Source: Town of Bennett Finance Department

Set forth hereafter is a comparative summary of the 2023 and 2024 Wastewater Fund budgets as compared with 2024 year-to-date figures. The Town does not budget for Wastewater Development Fees. See also “THE SYSTEM—System Capital Program—Wastewater Capital Fund.”

TABLE X
Wastewater Fund Budget Summary and Comparison

	2023 Budget (as adopted)	2024 Budget (as adopted)	2024 Year to Date (unaudited)¹
Beginning Fund Balance	\$1,793,506	\$2,030,061	\$2,596,109
Revenues			
Transfer Revenue	63,755	40,821	--
Sales Revenue	1,517,175	1,301,093	1,076,363
Other Revenue	12,190	91,330	98,146
Grant Revenue	<u>750,000</u>	<u>--</u>	<u>242,075</u>
Total Revenues	<u>2,343,120</u>	<u>1,433,244</u>	<u>1,416,584</u>
Expenditures			
Personnel	203,880	289,959	184,154
Operations	133,395	216,450	132,160
Professional Services	65,500	90,300	85,573
Capital ²	1,823,755	25,000	804,423
Non Departmental	--	100,000	206,583
Transfers	<u>352,010</u>	<u>341,364</u>	<u>85,501</u>
Total Expenditures	<u>2,578,540</u>	<u>1,063,073</u>	<u>1,498,394</u>
Total Revenues Less Expenditures	<u>(235,420)</u>	<u>370,171</u>	<u>(81,810)</u>
Ending Balance	<u>\$1,558,086</u>	<u>\$2,400,232</u>	<u>\$2,514,299</u>

¹ Unaudited actual figures through September 30, 2024.

² The Capital amount was budgeted for the Custard SS bypass for \$1,000,000 and the Truman Bypass in 2023, both projects were carried forward. Due to the carryforward no new projects were budgeted for 2024.

Source: Town of Bennett Finance Department

Constitutional Amendment Limiting Taxes and Spending

In 1992, Colorado voters approved the Taxpayer's Bill of Rights ("TABOR"), that constitutes Article X, Section 20 of the State Constitution. TABOR imposes various limits and requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the State) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in clause (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] will be suspended to provide for the deficiency." The preferred interpretation of TABOR will, by its terms, be the one that reasonably restrains most the growth of government.

Enterprise Exemption. A governmental entity that qualifies as an "enterprise" is exempt from the provisions of TABOR. TABOR defines the term "enterprise" as a government owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado State and local governments combined. Qualification as an enterprise is determined annually. If an activity that qualified as an enterprise in one year no longer qualifies in a subsequent year, the revenue and spending of the activity will be subject to TABOR's fiscal year spending limits in the subsequent year (the limit will be adjusted for the revenue and spending of the Town during the previous year).

Outstanding Financial Obligations

The following table sets forth the Town’s outstanding revenue obligations of the System upon issuance of the Bonds. See “APPENDIX E—TOWN FINANCIAL INFORMATION AND DEBT STRUCTURE—Outstanding Financial Obligations” for additional obligations of the Town.

TABLE XI
Outstanding System Financial Obligations¹

Obligation	Original Amount	Year of Origination	Term of Loan (Years)	Current Principal Amount Outstanding
WWTF Direct CWRPDA, 2017	\$ 2,500,000	2017	20	\$ 1,949,468
WWTF Green Project CWRPDA, 2018	3,500,000	2018	30	2,887,609
The Bonds	<u>29,435,000</u>	2024	30	<u>29,435,000</u>
Total	<u>\$35,435,000</u>			<u>\$34,272,077</u>

¹ Upon issuance of the Bonds.

LEGAL MATTERS

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the “Governmental Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the Town, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity.

In such instances the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000 for claims accruing on or after January 1, 2018 and before January 1, 2022 or the sum of \$424,000 for claims accruing on or after January 1, 2022 and after January 2026; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022 (except in such instance, no single person may recover in excess of \$387,000) or the sum of \$1,195,000 for claims accruing on or after January 1, 2022 and before January 1, 2026 (except in such instance, no single person may recover in excess of \$424,000). These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase occurring on January 1, 2018. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by

indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

Suits against both the Town and a public employee do not increase such maximum amounts which may be recovered. The Town may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the Town is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of 10 mills per annum for all outstanding settlements or judgments.

The Town may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Town may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Pending and Threatened Litigation Involving the Town

The Town Attorney states that as of the date hereof, to the best of her knowledge, belief, and information, no litigation of any nature is now pending or threatened against the Town which, if determined adversely to the Town, would be expected to have a material adverse effect upon the Town's ability to comply with its obligations under the Bond Ordinance.

Legal Representation

Legal matters incidental to the authorization, issuance and delivery of the Bonds, and with respect to the treatment of interest thereon for purposes of federal and State of Colorado income taxation, are subject to the approval of validity by Kutak Rock as Bond Counsel. In addition, Kutak Rock LLP has been retained to advise the Town concerning, and has assisted the Town in the preparation of, this Official Statement. Certain legal matters will be passed upon for the Town by Scotty Krob, Esq., at Krob Law Office, LLC, as the Town Attorney.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issuance discount properly allocated to the owner of any Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Town with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Town has covenanted to comply with such requirements. Bond Counsel has expressed

no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the cover page of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Treasury Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

MISCELLANEOUS

Ratings

S&P Global Ratings (“S&P”) is expected to assign an insured rating on the Bonds of “AA” based upon the Policy to be issued by the Insurer concurrently with the delivery of the Bonds. S&P has also assigned an underlying rating on the Bonds of “BBB+” based upon its rating of the Bonds without regard to the delivery of the Policy. Such ratings reflect only the view of such rating agency. Any explanations of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if in the judgment of such rating agency circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Registration of Bonds

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, pursuant to an exemption from registration provided in said act. THE TOWN ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the Town has covenanted, for the benefit of the holders of the Bonds, to provide certain financial information (“Audits”), other operating data (“Operating Data”) and notices of certain enumerated events (“Enumerated Events”) to the Electronic Municipal Market Access facility (“EMMA”) operated by the Municipal Securities Rulemaking Board (“MSRB”) after the Bonds are executed and delivered. The form of the Town’s Continuing Disclosure Undertaking (the “Undertaking”) is attached as “APPENDIX C” to this Official Statement.

The Town previously entered into continuing disclosure undertakings (each a “Prior Undertaking and, collectively, the “Prior Undertakings”) in connection with the issuance of the Town’s Sales Tax Revenue Bonds, Series 2016 (the “2016 Bonds”), the Water Revenue Bonds, Series 2020 (the “2020 Bonds”) and the Refunding and Improvement Certificates of Participation, Series 2021 (the “2021 Certificates”). During the five-year period prior to the date of this Official Statement, the District failed to timely file on EMMA its audited financial statements for its fiscal years ended December 31, 2021, 2022 and 2023 with respect to the Prior Undertaking for the 2016 Bonds and for its fiscal year ended December 31, 2021 with respect to the Prior Undertaking for each of the 2020 Bonds and 2021 Certificates. Additionally, certain annual financial information, as required by the Prior Undertakings, was not timely filed for fiscal year 2021 and certain annual financial information, as required by the Prior Undertakings, was not filed at all for fiscal years 2020 through 2023. Finally, the Town failed to timely file a notice with respect to a change to the rating on the 2016 Bonds. On November 18, 2024, the Town uploaded the omitted Annual Financial Information, as well as a notice of failure to file, pursuant to the requirements of the Prior Undertakings. The Town takes no position as to the materiality of these omissions. The Town is taking

measures which are expected to assist the Town with the timely submittal of future filings for compliance with Town continuing disclosure undertakings.

A failure by the Town to comply with the requirements of the Rule will not constitute an Event of Default under the Bond Ordinance (although Bond owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Kutak Rock LLP are contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being sold by the Town at an underwriting discount of \$139,816.25 to the Underwriter pursuant to a purchase contract. See “THE BONDS—Use of Bond Proceeds.” Expenses associated with the issuance of the Bonds are being paid by the Town from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Town and to persons and entities with relationships with the Town, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Town (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Town.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Town.

Independent Auditors

The basic financial statements of the Town as of and for the year ended December 31, 2023, included in this Official Statement, have been audited by independent auditors, Rae & Co., CPAs, LLC, Timnath, Colorado, as stated in their report appearing therein. Such financial statements and auditor’s opinion have been included without prior review or consent of the auditor.

Additional Information

Copies of statutes, ordinances, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in Introduction.

Official Statement Certification

The preparation of this Official Statement and its distribution have been authorized by the Council. This Official Statement is hereby duly approved by the Council as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the Town and the purchasers or holders of any Bond.

**TOWN OF BENNETT, acting by and through its
Wastewater Activity Enterprise**

By /s/ Whitney Oakley
Mayor

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APPENDIX A

CERTAIN DEFINITIONS AND TERMS OF THE BOND ORDINANCE

“*Bank*” means UMB Bank, n.a., a national banking association duly organized and existing under the laws of the United States of America which has full and complete trust powers and is a qualified institution under Article 10.5 of Title 11, C.R.S., known as the Public Deposit Protection Act.

“*Board*” means the Board of Trustees of the Town acting as the governing body of the Wastewater Activity Enterprise.

“*Bonds*” means the Town of Bennett, Colorado, acting by and through its Wastewater Activity Enterprise, Wastewater Revenue Bonds, Series 2024, dated as of the Dated Date.

“*Bond Account*” means the account established by the provisions hereof to account for the moneys to be applied to the payment of the debt service on the Bonds. The Bond Account will be a subsidiary account or subaccount of the Wastewater Fund or other appropriate fund of the Town and separately accounted for by the Town in accordance with the provisions hereof.

“*Bond Counsel*” means (a) as of the date of issuance of the Bonds, Kutak Rock LLP, of Denver, Colorado; and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the Town with nationally recognized expertise in the issuance of municipal bonds.

“*Bond Insurance Policy*” means, if the Bonds are issued with bond insurance, the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein. If the Bonds are not issued with bond insurance, this definition will not be applicable.

“*Bond Insurer*” means, if the Bonds are issued with bond insurance, the bond insurer selected by the Sale Delegate pursuant to the Section hereof entitled “Bond Insurance,” or any successor thereto.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, pursuant to which the Town is to agree to sell and the Underwriter is to agree to purchase the Bonds at the prices and on the terms set forth therein.

“*Business Day*” means any day other than (a) a Saturday or Sunday, or (b) a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed for business.

“*Capital Improvements*” means the acquisition of land, easements, wastewater facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions, for use by or in connection with the System which, under Generally Accepted Accounting Principles for governmental units as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

“*Combined Maximum Annual Principal and Interest Requirements*” means with regard to any two or more particular issues of bonds or other obligations, the maximum annual payments of principal of and

interest on all of said issues, excluding redemption premiums, to become due during any Fiscal Year while such issues are outstanding; provided that such computation will assume the redemption and payment of bonds or other obligations subject to mandatory redemption, but will be made without regard to any right of optional redemption which has not been exercised.

“*Commitment*” means that certain offer, if any, to issue the Bond Insurance Policy and the Reserve Surety Bond by the Bond Insurer.

“*Continuing Disclosure Undertaking*” means an undertaking of the Town to facilitate compliance with Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) in substantially the form appended to the Official Statement.

“*C.R.S.*” means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

“*CWRPDA Loan 2017*” means the loan provided to the Town by the Colorado Water Resources and Power Development Authority pursuant to a loan contract dated September 22, 2017.

“*CWRPDA Loan 2018*” means the loan provided to the Town by the Colorado Water Resources and Power Development Authority pursuant to a loan contract dated March 5, 2018, as supplemented on September 30, 2021.

“*Dated Date*” means the dated date for the Bonds set forth in the Sale Certificate.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors in interest and assigns.

“*DTC Blanket Letter of Representations*” means the letter of representations from the Town to DTC to induce DTC to act as securities depository for the Bonds.

“*Enabling Laws*” means the Supplemental Public Securities Act, the Wastewater Activity Law and all other laws of the State of Colorado enabling the actions of the Town as contemplated by the provisions of this Ordinance.

“*Event of Default*” means any of the events specified the Section hereof titled “Events of Default.”

“*Federal Securities*” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct noncallable obligations of the United States of America or which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

“*Fiscal Year*” means the 12 months commencing January 1 of any year and ending December 31 of said year.

“*Gross Revenue*” means all fees, including but not limited to user fees and plant investment fees, charges and revenues directly or indirectly derived by the Town for the services furnished by, or use of, the System, or any part thereof, including all income attributable to any future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the System or its operations; provided however, that there will be excluded from Gross Revenue (a) moneys borrowed and used for providing Capital Improvements; (b) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations for the purpose of defeasing the same; and (c) any moneys received as grants or appropriations

from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys will be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

“*Improvement Project*” means any Capital Improvements which may be funded under the Enabling Laws, including but not limited to, the expansion of the Town’s Wastewater Reclamation and Resource Recovery Facility, the cost of the Bond Insurance Policy, if any, and the payment of the costs of issuance of the Bonds.

“*Interest Payment Date*” means each June 1 and December 1, commencing June 1, 2025, or such other dates as established in the Sale Certificate for payment of interest on the Bonds.

“*Net Revenues*” means Gross Revenue after deducting Operation and Maintenance Expenses.

“*Official Statement*” means the final Official Statement relating to the Bonds.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the Town (calculated in accordance with Generally Accepted Accounting Principles (GAAP)), paid or accrued, for operating, maintaining, and repairing the System, including without limitation legal and overhead expenses of the Town directly related to the administration of the System; provided however, that there will be excluded from Operation and Maintenance Expenses any allowance or transfers for depreciation, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations issued to provide Capital Improvements, and charges for the accumulation of reserves.

“*Ordinance*” means this ordinance authorizing the issuance of the Bonds, including any amendments or supplements hereto.

“*Owner*” or “*Owners*” means the Person or Persons in whose name or names a Bond is registered on the registration books maintained by the Paying Agent pursuant hereto.

“*Parity Lien Obligations*” means the CWRPDA Loan 2017, the CWRPDA Loan 2018 Loan and any bonds or other obligations permitted to be issued pursuant to the Section hereof titled “Parity Lien Obligations,” with a lien that is equal and on a parity with the lien of the Bonds on the Net Revenues.

“*Paying Agent*” means the Bank and its successors in interest or assigns approved by the Town, which will act as paying agent, bond registrar, and authenticating agent for the Bonds.

“*Paying Agent and Registrar Agreement*” means an agreement between the Town and the Paying Agent concerning the duties and obligations of the Paying Agent with respect to the Bonds.

“*Permitted Investments*” means any investment lawfully permitted by applicable State law, except to the extent that such investments may be further limited by the Bond Insurer.

“*Person*” means a corporation, firm, other body corporate, partnership, association or individual and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“*Preliminary Official Statement*” means the Preliminary Official Statement prepared in connection with the sale and issuance of the Bonds.

“*Principal Payment Date*” means December 1, or such other date or dates of each year as established in the Sale Certificate for payment of principal of the Bonds.

“*Project Account*” means the account established by the provisions hereof to account for the moneys to be applied to the payment of the costs relating to the Improvement Project. The Project Account will be a subsidiary account or subaccount of the Wastewater Fund or other appropriate fund of the Town and separately accounted for by the Town in accordance with the provisions hereof.

“*Pro Rata Portion*” means the dollar amount derived by dividing the amount of principal or interest to come due on the next Principal Payment Date or Interest Payment Date by the number of monthly credits required to be made prior to such payment date.

“*Record Date*” means with respect to each Interest Payment Date, (a) if the Interest Payment Date is the first day of the month, the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs; or (b) if the Interest Payment Date is the fifteenth day of the month, the first day of the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs.

“*Required Reserve*” means \$1,800,462.50.

“*Reserve Account*” means the account established by the provisions hereof to provide additional security for the timely payment of the debt service on the Bonds. The Reserve Account will be a subsidiary account or subaccount of the Wastewater Fund or other appropriate fund of the Town and separately accounted for by the Town in accordance with the provisions hereof.

“*Reserve Surety Bond*” means a surety bond issued by the Bond Insurer for the purpose of meeting all or any portion of the Required Reserve and guaranteeing payments from the Reserve Account.

“*Sale Certificate*” means the certificate executed by the Sale Delegate under the authority delegated pursuant to this Ordinance.

“*Sale Delegate*” means the Town Manager or, in the event the Town Manager is unavailable, the Deputy Town Manager or the Town Director of Finance.

“*Supplemental Public Securities Act*” means Part 2 of Article 57 of Title 11, C.R.S.

“*State*” means the State of Colorado.

“*System*” means all of the Town’s wastewater facilities and properties, now owned or hereafter acquired, whether situated within or without the Town boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto.

“*Tax Letter of Instructions*” means the Tax Letter of Instructions, dated the date on which the Bonds are originally issued and delivered to the Town by Bond Counsel, as such instructions may be superseded or amended in accordance with their terms.

“*Town*” means the Town of Bennett, Colorado.

“*Underwriter*” means Stifel, Nicolaus & Company, Incorporated of Denver, Colorado.

“*Wastewater Activity Enterprise*” means the Town’s Wastewater Activity Enterprise which was formally established pursuant to Resolution No. 94-75 of the Town and has been reaffirmed pursuant this Ordinance.

“*Wastewater Activity Law*” means Title 37, Article 45.1, C.R.S.

“*Wastewater Account*” means the account established by the provisions hereof to account for the financial operations of the Wastewater Activity Enterprise. The Wastewater Account will be a subsidiary account or subaccount of the Wastewater Fund or other appropriate fund of the Town and separately accounted for by the Town in accordance with the provisions hereof.

“*Wastewater Fund*” means the fund of the Town heretofore created and reaffirmed herein used to account for the financial operations of the Wastewater Activity Enterprise, and any additional or other funds established hereafter for such purpose.

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APPENDIX B

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE TOWN
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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TOWN OF BENNETT, COLORADO

FINANCIAL STATEMENTS

December 31, 2023

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Rae & Co., CPAs, LLC

P.O. Box 293 Cimnath Colorado, 80547

(970) 482-5312

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Bennett, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bennett, Colorado (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bennett, Colorado, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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.

Emphasis of Matters

Restatement of Equity

As described in Note 14 of these financial statements, in preparing for the audit the Town discovered the following issues which required a restatement of beginning equity:

- Certain assets should have been capitalized during the year ended December 31, 2022.
- Matching funds for some grants should have been transferred to the Grant Fund during the year ended December 31, 2022.

Change in Accounting Principal

As described in Note 2 of these financial statements, during the year ended December 31, 2023, the Town adopted new accounting guidance:

- GASB Statement 96 *Subscription-Based Information Technology*

- GASB Statement No. 101, *Compensated Absences*

Our opinions are not modified with respect to these matters.

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 Town'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.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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 Town'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 Town'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages B1–B17 and E1–E4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of revenues, expenditures and changes in fund balance – budget and actual, and the Local Highway Finance Report, are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund combining financial statements, schedules of revenues and expenditures – budget and actual, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance.

Town of Bennett
July 23,2024

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Rae & Co., CPAs, LLC

Timnath, Colorado
July 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF BENNETT, COLORADO

Management's Discussion and Analysis

December 31, 2023

HISTORY

The Town of Bennett (the Town) is a statutory town located in both Adams and Arapahoe Counties. The Town is governed by a Board of Trustees elected for four-year terms. Bennett was incorporated on September 25, 1929.

Our local historical society has done a great deal of research to delve into the origins of our Town. Documents from the Bureau of Land Management show that four Bennet brothers (Hiram, John, Uriah and one un-named brother) filed homestead papers in 1862 for two sections (34 and 24), these two homesteads are now incorporated into the Town Bennett. These two sections were adjacent diagonally on the north and south to the current location of the Post Office in Bennett and, together with other sections homesteaded by the Bennet brothers, formed the Bennet Ranch.

One of these brothers, Hiram Pitt Bennet, was a respected judge in the early territory of Colorado. Mr. Bennet was elected the first Territorial Representative for Colorado in 1862 and was instrumental in obtaining statehood for Colorado. Mr. H. P. Bennet went on to become the third Postmaster of Denver in 1869 and began developing a method of delivering mail to all the new pioneer people in rural areas. Through the years, the English name of Bennet was Americanized to Bennett, first noted in railroad records; thus, the Town name evolved from the old Bennet Ranch.

The Town was not incorporated until 1930, but long before that time, the family that originally homesteaded the Town and for whom the Town was named were leaders in the development of the State of Colorado and in forging communications for the original settlers of the area.

INTRODUCTION

As management of the Town, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section. We are pleased to present to the Mayor, Board of Trustees, and the residents, the 2023 Management Discussion and Analysis (MD&A) for the Town. This analysis represents our continued commitment to prudent fiscal management and has proposed several innovations in the organization of government, thereby advancing our ongoing efforts to continuously improve the efficient and effective delivery of Town services.

The type of government is a Town Board with the seven (7) elected officials being responsible for all policy decisions that affect the Town's financial condition. The Board of Trustees of the Town has appointed Danette Ruvalcaba, Town Treasurer to prepare and submit a budget to our governing body in

December for annual appropriation of sums of money to the various funds. The Town Treasurer is also responsible for financial reporting to the Town Board and to the public-at-large.

The Town maintains six (6) major funds, as follows:

1. General Fund
2. Grants Fund
3. Sales Tax Capital Improvement Fund
4. Use Tax Fund
5. Water Fund
6. Wastewater Fund

The Town of Bennett also maintains the following non-major funds which account for specific projects:

1. Road & Bridge Fund
2. Conservation Fund
3. Open Space Fund
4. Impact Fee Fund
5. Antelope Hills GID Fund

2023 HIGHLIGHT ACCOMPLISHMENTS

We are pleased and proud of our accomplishments in 2023 and look forward to continued community growth and development in subsequent years. The following achievements are certainly noteworthy and reflect a lot of hard work by the entire Town staff, as our unity reflects our thorough commitment to the future of the Town of Bennett.

- **Water Storage Tank Mural-** In 2023 the Town commissioned Some Girls and a Mural to paint a mural on the new water storage tank. In addition, Some Girls and a mural painted five small bird murals that will be displayed in Town parks. This project was partially funded through an Adams County Open Space Grant.
- **Reuse Water Storage-** In 2023, the Town of Bennett converted the eastern decommission treatment lagoon to additional Reuse Water storage. The pond was expanded and relined. In 2024 the Town will purchase Hextiles to assist in protection of this valuable resource.
- **Trupp Park Phase VI-** The Town was awarded a grant to complete Phase VI of Trupp Park from Adams County Open Space. This phase will include landscaping improvements and new equipment on the playground and in the skate park.
- **Town Safety Building Remodel-** In 2023, the Town was awarded grant from the Department of Local Affairs, DOLA, to aid in the remodel of the Old Public Works Building located off of Palmer Ave. This building will be converted to the Town Safety Building and will be the office for our Community Services Officer, County Sherriff and our Building Officials.
- **Custer Sanitary Sewer Bypass and Water Line-**In 2023, the Town was awarded a DOLA grant to construct a new sanitary sewer bypass which would create a gravity flow system relieving the use

of current lift stations. In addition, the Town utilized this opportunity to add a water line along the same route for a cost savings.

- **Transportation Improvements-** In 2023, the Town continued construction on two major road improvements. The first was the signalization of the Market Place and First Street intersection. This traffic signal will add much-needed traffic control to this busy commercial district in the Town. The second is for the improvement of the 304-exit ramp. These transportation improvements will allow more efficient traffic flow from Interstate 70 into Bennett. Both projects are critical to the economic growth and stability of the Town.
- **Bennett Days-** In September, the Town hosted our annual Bennett Days Celebration. 2023 had beautiful weather and was a well-attended event. The Town of Bennett staff planned and executed a great day of fun and celebration ending with a bull-riding, a Concert with Jason Boland & The Stragglers and fireworks.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of the following three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide statements are designed to provide readers with a broad overview of the Town's finances using the accrual basis of accounting, which is the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all the Town's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may provide an indication of whether the Town's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the Town's net position has changed during the previous fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused compensated leave).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-

type activities). The governmental activities of the Town include general government, public safety, public works, cultural, parks and recreation, and community planning development services. The business-type activities of the Town include water and wastewater.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, except for long-term debt and similar long-term items which are recorded when due. Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town maintains several governmental funds as stated above. An internal service department within the General Fund is an accounting device used to accumulate and allocate costs internally among the Town's various functions. Information is presented in the Balance Sheet-Governmental Funds; and the Statement of Revenues and Expenditures; and Changes in Fund Balances-Governmental Funds. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprises funds to account for its water and wastewater operations. The proprietary fund financial statements are prepared on the accrual basis of accounting.

Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail. Information is presented in the Statement of Net Position- Enterprise Funds; Statement of Revenues, Expenses; Changes in Net Position – Enterprise Funds; and the Statement of Cash Flows – Enterprise funds.

The Town adopts an annual appropriated budget for each of its enterprise funds. A budgetary comparison schedule has been provided for each enterprise fund to demonstrate compliance with this budget.

Component Unit Funds

General Improvement District (GID) services are reported in the component unit funds.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position for the governmental and business-type activities exceeded liabilities by \$74,760,629 at the close of 2023. The following tables illustrate the present condensed statement of net position for both of the Town's fund categories.

Table 1**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Assets						
Current Assets	\$ 13,788,338	\$ 16,345,642	\$ 15,030,486	\$ 18,496,176	\$ 28,818,824	\$ 34,841,818
Capital Assets	30,282,902	34,796,079	32,102,021	34,979,118	62,384,923	69,775,197
Total Assets	44,071,240	51,141,721	47,132,507	53,475,294	91,203,747	104,617,015
Liabilities						
Other	4,448,670	5,170,127	1,134,721	1,152,721	5,583,391	6,322,848
Long-Term	9,857,854	9,706,274	13,329,977	13,236,524	23,187,831	22,942,798
Total Liabilities	14,306,524	14,876,401	14,464,698	14,389,245	28,771,222	29,265,646
Deferred Inflows of Resources	900,395	1,145,434	-	-	900,395	1,145,434
Net Position						
Net Investment in Capital Assets	21,863,996	26,618,052	18,231,903	21,742,594	40,095,899	48,360,646
Restricted	4,433,702	323,965	377,021	377,021	4,810,723	700,986
Unrestricted	2,566,623	8,177,869	14,058,885	17,521,128	16,625,508	25,698,997
Total Net Position	\$ 28,864,321	\$ 35,119,886	\$ 32,667,809	\$ 39,640,743	\$ 61,532,130	\$ 74,760,629

The Town uses its capital assets to provide services to the citizens. At the end of 2023, the investment in capital assets of \$69,701,922 (land, buildings, improvements, equipment, etc.), net of debt used to acquire those assets of \$21,341,276 which amounts to \$48,360,646, or 66% of the Town's total net position of \$74,760,629. During the current fiscal year, the Town's net position increased by \$13,228,499. This increase represents the degree to which increases in ongoing revenues have surpassed similar increases in ongoing expenses as well as infrastructure contributions made by developers.

An additional portion of the Town's net position of \$700,986 (1%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$25,698,997 (34%) reflects the amount that may be used to meet the Town's ongoing obligations to citizens and creditors. Certain assets of the Town's Water and Wastewater funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

Changes in Net Position

As presented in Table 2, the Town’s overall net position increased by \$12,888,208 during 2023.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues						
Permits, Fees, Fines						
Charges for Services	\$ 987,819	\$ 1,288,603	\$ 2,935,354	\$ 2,855,811	\$ 3,923,173	\$ 4,144,414
Operating Grants and Contributions	2,516,680	-	-	-	2,516,680	-
Capital Grants and Contributions	464,550	2,643,036	1,798,159	5,790,820	2,262,709	8,433,856
General Revenues and Taxes	6,863,230	8,085,210	-	-	6,863,230	8,085,210
Net Investment Income	164,482	503,004	269,393	-	433,875	503,004
Unrestricted Grant	76,145	-	248,106	-	324,251	-
Miscellaneous	235,361	1,603,976	-	1,021,648	235,361	2,625,624
Transfers	261,141	(47,870)	(261,141)	47,870	-	-
Total Revenues	11,569,408	14,075,959	4,989,871	9,716,149	16,559,279	23,792,108
Expenses						
General Government	3,244,328	4,514,242	-	-	3,244,328	4,514,242
Public Safety	608,076	648,398	-	-	608,076	648,398
Public Works	2,824,927	1,099,414	-	-	2,824,927	1,099,414
Interest on Debt	328,779	291,543	-	-	328,779	291,543
Culture and recreation	-	664,576	-	-	-	664,576
Other	-	942,512	-	-	-	942,512
Unallocated Depreciation	914,402	-	-	-	914,402	-
Water	-	-	1,744,693	1,494,878	1,744,693	1,494,878
Wastewater	-	-	1,145,922	1,248,337	1,145,922	1,248,337
Total Expenses	7,920,512	8,160,685	2,890,615	2,743,215	10,811,127	10,903,900
Change in Net position	3,648,896	5,915,274	2,099,256	6,972,934	5,748,152	12,888,208
Net Position-Beginning As Restated	25,215,425	29,204,612	30,568,553	32,667,809	55,783,978	61,872,421
Net Position-Ending	\$ 28,864,321	\$ 35,119,886	\$ 32,667,809	\$ 39,640,743	\$ 61,532,130	\$ 74,760,629

Governmental Activities

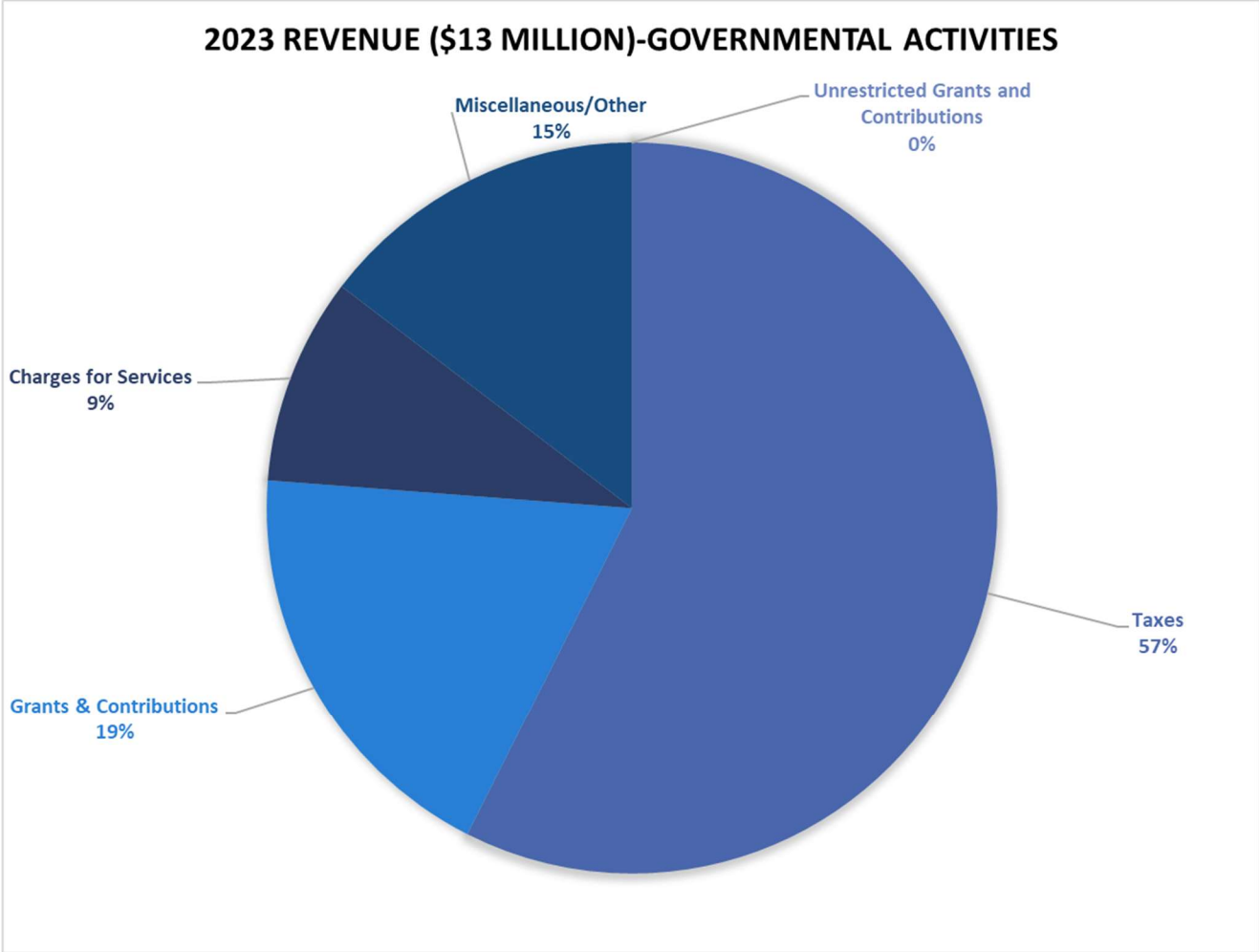
Governmental activities increased the Town’s net position by \$5,915,274. The major influences causing the change are the following:

The most notable change in Net Position is due to increased revenues in taxes, investment income and impact fees. Taxes increased by \$1,221,980 (18%), and the Town has seen an increase in this revenue source year after year. The tax revenue increase in 2023 was related to a significant increase in use tax revenues generated from development and moderate sales tax increase. Property taxes revenues increased by 14%. Property tax will continue to increase as residential and commercial construction

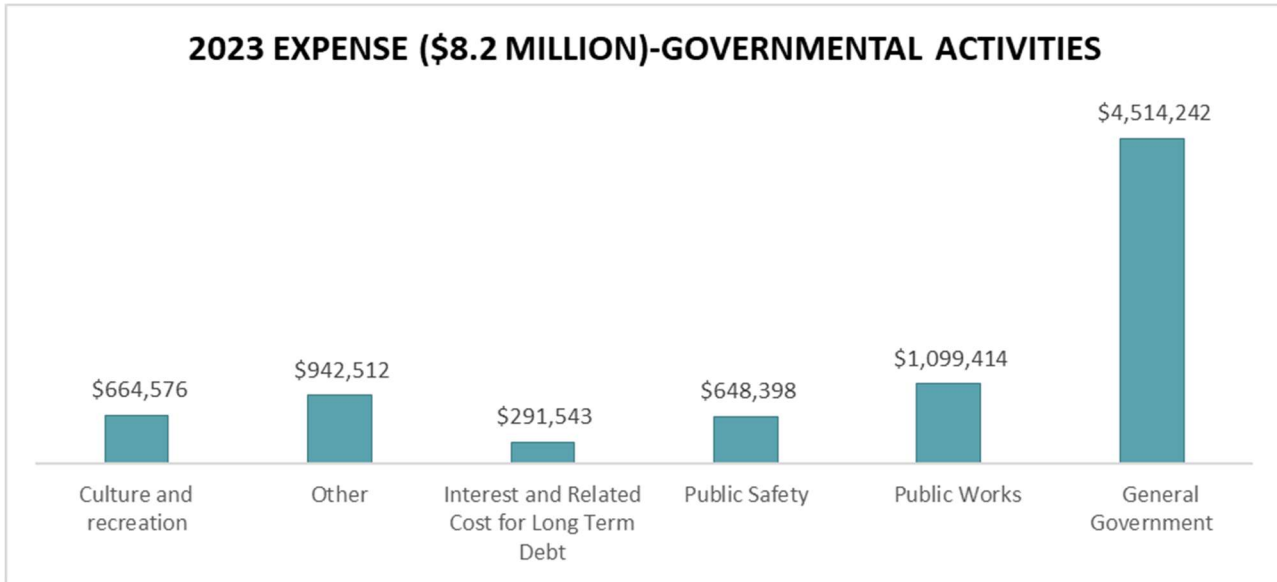
continues. Investment income has increased by approximately \$338,522. During the pandemic years investment income was limited due to the Federal Reserve keeping rates low. However, in 2022 the Federal Reserve began to raise rates to slow the market and kept them high throughout 2023. These rate changes resulted in significant increases in investment rates and in turn increased income. Management anticipates the investment income will remain consistent through 2024.

Impact fees increased significantly as well, more than doubling in both governmental activities and business-type activities. Impact and development fees are collected based on a specific list of regional improvements projects in water, wastewater, public facilities, storm drainage and transportation. The fee is then set by dividing the necessary revenue by the anticipated single family equivalents (SFE) in the next 10 years. In 2023 the Town experienced growth of approximately 145 SFEs. Management believes the development growth will remain steady into 2024 and likely 2025.

Graph 1. Governmental Activities Revenue Sources



Graph 2. Governmental Activities Expenses



Expenses for governmental activities in 2023 increased by \$240,173 or 3%. The increase can be primarily attributed to inflation in operating expenses. The nation as a whole has experienced significant inflation that has impacted every industry and the economy adjusts post pandemic. Management did anticipate this increase and budgeted accordingly. Management believes inflation will impact 2024 but will likely stabilize later in the year.

Business-Type Activities

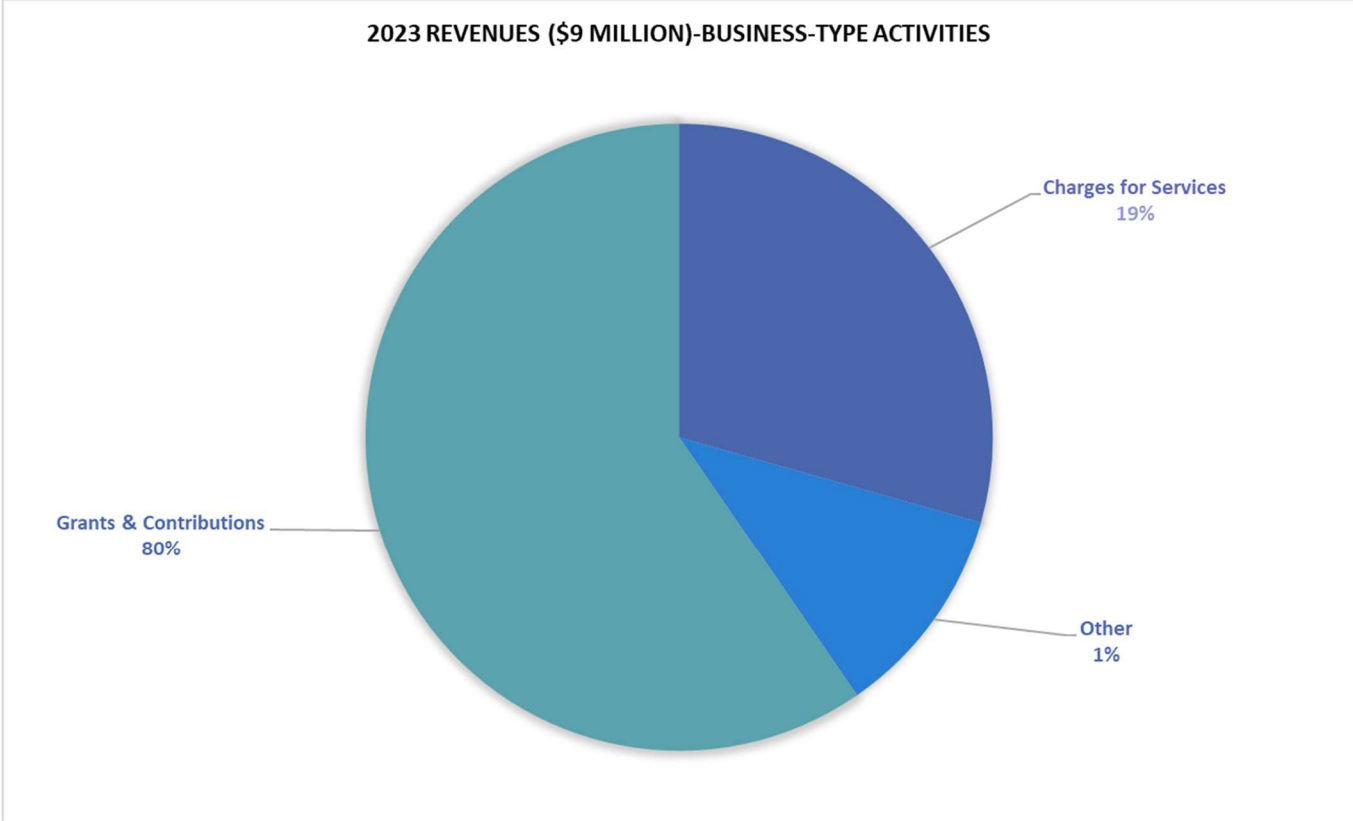
The net position of Business-Type Activities increased by \$6,972,934 for 2023 more than doubling over 2022.

The major influences are due to the following:

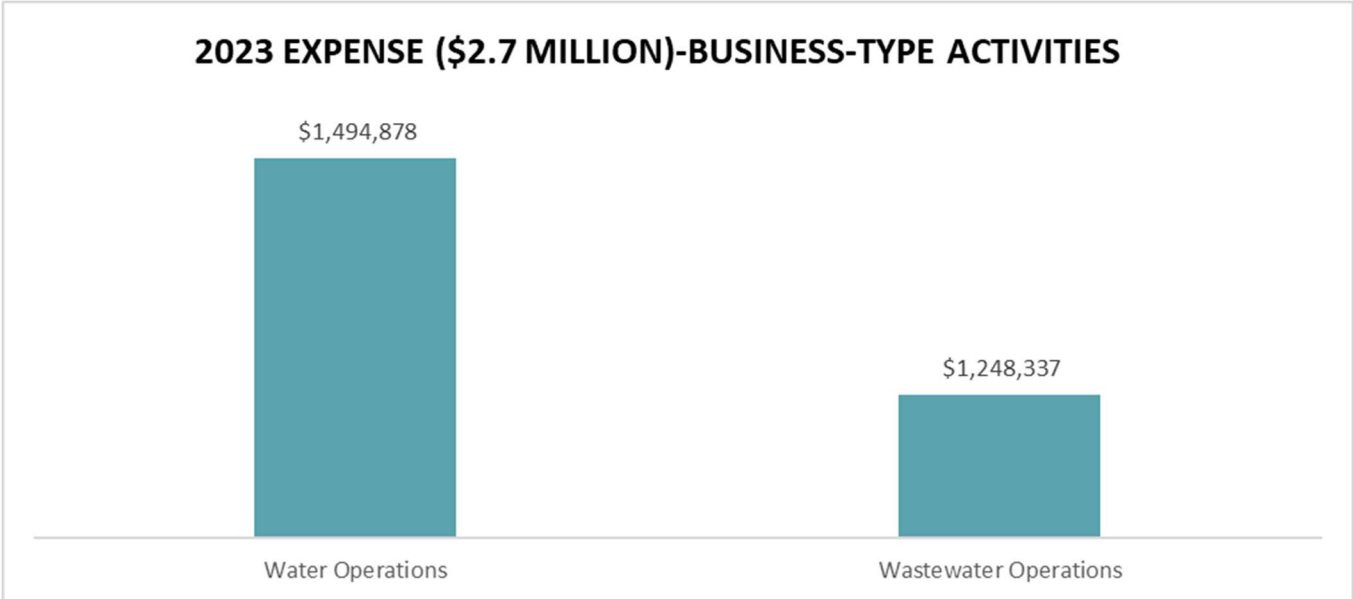
Investment income increased significantly from 2022 resulting in more than double the income. During the pandemic year's investment income was limited due to the Federal Reserve keeping rates low. However, in 2022 the Federal Reserve began to raise rates to slow the market and kept them high throughout 2023. These rate changes resulted in significant increases in investment rates and in turn increased income. Management anticipates the investment income will remain consistent through 2024.

Water and wastewater development fees were significant more than doubling from 2022. The water development fee remained the same as in 2022 however the wastewater development fee increased significantly. Due to the significant increase the Town Board of Trustees create a Wastewater Development Incentive Program that required active and eligible developers to pay up front a discounted wastewater development fee. This program resulted in approximately \$878,000 in revenue for 2023.

Graph 1. Business-Type Activities Revenue Sources



Graph 2. Business-Type Activities Expenses



In 2022, the expense for business-like activities decreased by \$147,400 or 3%. In water the expenses decreased by \$249,815, or 14%. This is due to the postponement of several capital projects as management monitored low water sales in the summer of 2023, due to significant rain. The water sales did recover by year end so the postponed projects were carried forward to 2024. Wastewater expense increased by \$102,415 or 9%. This increase is the result of inflation and the restructuring of personnel to include a Utilities Director. In previous year the Public Works Director was over the Utilities Department therefore the salary expense was shared with the General Fund and the Road fund.

Revenue for the wastewater and water utility is derived from service charges and other miscellaneous sources such as late fees. Projected wastewater and water service revenue under existing rates were not adequate to meet revenue requirements and sustain minimum reserves in 2023. Therefore, a rate increase was proposed and adopted for 2024. Additionally, our water rates were tiered and adjusted across all three of our water sources, potable water, untreated water, and reuse water. The fees were adjusted to encourage use of our reuse water by making the use of potable water cost prohibitive.

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

As noted previously, the Town of Bennett uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of 2023, the Town’s governmental funds reported a combined fund balance of \$10,059,282, an increase of \$1,965,133 (24%) over 2022. This can be attributed to increased revenues. Revenue increases were seen in taxes, investment income and impact fees. \$4,828,585 constitutes an unassigned fund balance, which is available for spending at the Town’s discretion. \$445,837 of the fund balance is assigned to road maintenance.

The remainder of fund balance is restricted to indicate that it is not available for new spending as follows:

Restricted for TABOR Emergencies	\$312,905
Parks and Recreation	\$11,060
Restricted for Capital Projects	\$1,777,872
Restricted for Debt Service	\$1,199,953

The General Fund is the primary operating fund of the Town. At the end of 2023, unassigned fund balance of the General Fund was \$4,828,585, while the total fund balance was \$5,141,490. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

Unassigned fund balance represents 75% of total General Fund expenditures. This is a 1% increase from 2022.

The fund balance of the Town’s General Fund increased by \$775,225 during 2023. Key factors are as follows:

- Increase in Sales and Use Tax Revenue in the amount of \$737,178, and a property tax increase of \$78,713.
- Increase in Investment income in the amount of \$338,522.

Other Governmental Funds

The Conservation Trust Fund was created to account for the money received from Lottery sales and is earmarked for specific purposes by the State, including parks and recreation equipment and capital projects. The Conservation Trust Fund had a fund balance of \$0 at the end of 2022. \$31,537 was expended on park and open space improvements.

The Road and Bridge Fund is used to account for state highway users trust funds, county road and bridge taxes, and other revenues designated for the construction and maintenance of roads and bridges. The Road and Bridge Fund had a fund balance of \$445,837, a decrease in the amount of \$152,905 in 2022. This is a result of capital repairs completed on Kiowa Bennett Road

The Sales Tax Capital Improvement Fund was created to account for the money received from the 1% sales tax increase which became effective on January 1, 2016. The Sales Tax Capital Improvement Fund had a fund balance of \$1,290,339 at the end of 2022. \$3,769,475 was expended from the Sales Tax Capital Improvement Fund for the road capital projects and maintenance, as well as the principal and interest on the 2016 Sales Tax Revenue Bonds.

Proprietary Funds

The Town’s proprietary funds provide the same type of information in the government-wide financial statements, but in more detail.

Net position of the enterprise operations on December 31 follows:

	2022	2023	Change
Net Position - Beginning of the Year	\$ 30,568,553	\$ 32,667,809	\$ 2,099,256
Net Position- End of the Year	\$ 32,667,809	\$ 39,640,743	\$ 6,972,934

Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Town’s business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

This investment in capital assets includes land, water rights, buildings and improvements, machinery, equipment, water, wastewater, and storm drainage infrastructure, as well as street system infrastructure.

The Town has a five-year Capital Improvement Plan that is updated yearly to assist the Town in long-term planning and budgeting for capital assets.

Major capital asset events during 2023 included the following:

- Water Storage Tank and Park Murals
- Custer Street Sanitary Sewer Bypass
- Reuse Water Storage
- LFH Well 14
- Design of the Water Resource Recovery and Reclamation Facility Expansion
- Exit 304 Improvements
- Market Place Signalization
- North Municipal Complex Completion

The following table provides comparative information on the Town's capital assets for 2022 and 2023:

	Governmental Activities		Business -type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land and Land Improvements	\$ 2,758,194	\$ 2,758,195	\$ 67,138	\$ 67,138	\$ 2,825,332	\$ 2,825,333
Water Rights	-	-	1,205,799	1,205,799	1,205,799	1,205,799
Construction in Process	7,178,162	10,266,801	8,243,562	6,112,361	15,421,724	16,379,162
Buildings and Improvements	4,150,494	4,441,357	7,204,664	7,204,664	11,355,158	11,646,021
IT/Software	140,199	159,355	-	-	140,199	159,355
Infrastructure	13,980,521	14,575,040	-	-	13,980,521	14,575,040
Parks and Ballfields	6,015,634	6,903,155	-	-	6,015,634	6,903,155
Public Art	40,989	128,555	-	-	40,989	128,555
Vehicle and Equipment	925,383	1,412,568	1,683,310	1,751,544	2,608,693	3,164,112
Ponds	-	-	656,605	656,605	656,605	656,605
Water System	-	-	11,619,543	17,464,016	11,619,543	17,464,016
Sewer Lines	-	-	7,792,745	7,792,745	7,792,745	7,792,745
Accumulated Depreciation	(4,906,674)	(5,922,221)	(6,371,345)	(7,275,754)	(11,278,019)	(13,197,975)
Net Capital Assets	<u>\$ 30,282,902</u>	<u>\$ 34,722,805</u>	<u>\$ 32,102,021</u>	<u>\$ 34,979,118</u>	<u>\$ 62,384,923</u>	<u>\$ 69,701,923</u>

Additional information on the Town's capital assets can be found in Note 4 of the financial statements.

Debt Administration

As of December 31, 2023, the Town had outstanding long-term obligations of \$22,942,799, as follows:

	<u>2022</u>	<u>Additions</u>	<u>Payments</u>	<u>2023</u>
Governmental Activities	\$ 10,309,165	\$ -	\$ 602,891	\$ 9,706,274
Business-type Activities	13,870,118	-	633,593	13,236,525
	<u>\$ 24,179,283</u>	<u>\$ -</u>	<u>\$ 1,236,484</u>	<u>\$ 22,942,799</u>

Additional information on the Town’s long-term obligations can be found in Note 4 of the financial statements.

ECONOMIC FACTORS

As the next incorporated area east of Aurora, Bennett, Colorado, is experiencing significant pressure from ongoing and future development. Bennett’s community leaders are visionary and willing to take bold steps to secure the Town’s future. The Town has identified a 91.4 square mile “Area of Planning Interest.” Bennett’s growth intentions are reflected by its objective to introduce public improvements related to development for job creation and retention. It is becoming increasingly vital that our infrastructure improvements have the capacity to support this anticipated development.

The projections for economic development in the Town show significant growth between 2010 and 2035. These projections were completed in 2005 by the Denver Regional Council of Governments (DRCOG), prior to the recent recession, and have been modified by Economic Planning Systems (EPS) to account for regional employment contraction. Notwithstanding this contraction, the future growth of the Bennett planning area remains strong.

The planning area is estimated to grow by 6,454 housing units and 2,568 new jobs. This projected growth in housing units and employment creates the demand for 1,382 acres. Furthermore, 1,149 acres of land are needed to allow for the projected growth in housing. There is a projected demand for 43 acres of office, 71 acres of retail, and 118 acres of industrial land. These base numbers were forecasted using DRCOG’s growth rates (with modifications by EPS) to reflect more current projections made by the Colorado Department of Local Affairs (DOLA) and the Center for Business and Economic Forecasts (CBEF).

2023 BUDGET OUTLOOK

The principal general revenue sources for the Town are sales taxes, grant revenue, water sales and property taxes. The local, state, and national economies are always a consideration for projecting the revenues for the coming year. The economy for Bennett has shown moderate growth during 2022. Residential growth for Bennett does not exceed the national average but has benefited from the addition of many new commercial businesses. Therefore, conservative attainable revenue estimates have been projected in all funds.

Sales Tax - The General Fund anticipated sales tax revenues for 2024 are based on an economic growth rate of three percent over 2023 projected sales tax revenues. This increase includes anticipated new

business revenue and a conservative increase for existing businesses. Sales tax equates to \$4.4 million of the total \$7.68 million General Fund revenues.

Building Permit Revenue - As development continues to increase, Staff is estimating \$508,000 in building permit related revenue in the General Fund. This is the third-largest revenue source in the general fund.

Water & Wastewater – The Town of Bennett is projecting \$3.73 million of revenue in 2024, which represents a 5.7% increase over the prior year. This is primarily due to increased water sales revenue generated by additional users on the system and increased base and user rates. The Town of Bennett is projecting \$1.43 million of revenue in 2024, which represents a 38.8% decrease over the prior year. This decrease can be primarily attributed to a decrease in the transfer from the Wastewater Capital Fund. There are no planned capital construction projects in this fund for 2024.

Grant Revenue – When viewed comprehensively, grant revenue is an ongoing effort to establish and research the highest level of resources available to us for capital improvement projects the Town cannot fund solely. Grant revenue in 2024 is projected to be \$8,739,946 for new parks, facility improvements, and trails. The Town of Bennett has limited revenue sources and an abundance of capital improvement projects forthcoming. That, of course, raises the questions of where those resources will come from, and who will do the work. As the Town of Bennett works to develop other financing options in the future, the opportunity to obtain Assistance Grant Funds would supplement the cost of some of our major infrastructure projects. We have the funds available to provide a match but are unable to complete the project without additional monetary support.

Property Tax – The Town of Bennett as well as the rest of the State saw significant increases in valuations for 2024. These increases did result in legislation that reduced valuation temporarily for Colorado residents. Despite this legislation, property tax remains one of the main revenue sources for the General Fund.

Overall, The Town establishes a budget for seventeen separate funds or accounting divisions and reports using modified accrual accounting. Town operation can be narrowed down to three major fund groupings: General Fund, Special Revenue Funds and Enterprise Funds. The largest fund in 2024 will be the Special Revenue Funds, which provides a total of \$12,717,957 in funding over twelve separate funds. Most of this revenue source is generated through the collection of use tax, development fees and impact fees on building permits. The General Fund makes \$7,680,085 of the revenue that is allocated to twenty-one different operational departments. Finally, the Enterprise Funds provide \$10,534,707 in funding. The total budget for the 2023 revenues is \$30,932,749; of which \$15,975 is from unappropriated surplus or reserve fund balance and \$30,916,774 from revenue sources. The Town of Bennett has appropriated \$25,148,833 for 2024 expenditures; therefore, the projected net balance of revenues over expenditures is a positive \$5,783,916.

2024 HIGHLIGHT PROJECTS

Looking forward to 2024, The Board philosophy places an emphasis on the construction and procurement of necessary assets to ensure that Bennett remains a stable and successful community now and into the future. Items that will be the focus of 2024 are continued public relations, policing services and financial planning. Through the development of our Capital Asset and Inventory Master Plan, C.A.I.M.P. completed in 2019, the Town was able to identify capital needs of the Town in all major infrastructure categories. It then allowed for the prioritization of these projects based on capacity, condition, and criticality. This list was then balanced against expected revenue to help us identify the major projects in 2024.

CAPITAL PROJECT	2024 BUDGET	FUND
SAFE STREETS FOR ALL ROADS ACTION PLAN	126,000	SALES TAX CAPITAL IMPROVEMENT FUND
FLEET REPLACEMENT-PW TRUCK, CSO TRUCK	135,000	BUILDING
PALMER STREET REPAIRS	100,000	SALES TAX CAPITAL IMPROVEMENT FUND
SWEEPER AND TANDEM PLOW LEASE PURCHASE	156,668	SALES TAX CAPITAL IMPROVEMENT FUND
HOUSING NEEDS ASSESSEMENT	50,000	GRANT
COMPREHENSIVE PLAN UPDATE	50,000	GRANT
GENERATOR FOR NOMCOM	386,321	GRANT
PALMER STREET LIGHTS	100,000	GRANT
PUPLE PIPE PHASE IV	1,061,667	GRANT
TIPS TRAIL	3,550,000	GRANT
CIVIC CENTER PARK PHASE II	3,333,333	GRANT
FUTURE PARK PHASE III	158,625	GRANT
NORTH SHOP REMODEL	300,000	CIP
NOMCOM ELECTRICAL UPGRADES	75,000	CIP
WASHINGTON WAY INFILTRATION WELL	58,593	STORMWATER
WATER CAPACITY AND QUALITY PROJECT	1,970,000	WATER
WELL FENCING	75,000	WATER
TOTAL CAPITAL EXPENDITURES	\$11,686,207	

At the heart of government finance is the concept of fund accounting. Governments create funds to account for related expenses and revenues. For example, the Water and Sewer Operating Fund contains the budget to run the Town's water supply and wastewater system and the revenues collected (primarily user charges) to pay for the system. The use of fund accounting is one of the basic requirements of generally accepted accounting principles (GAAP) for government and one of the major differences between governmental and commercial accounting. It requires separate record keeping for each individual fund a government uses.

Like prior budgets, the 2024 budget relies on projections regarding available revenue, thereby accepting the limits of the Town's financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes and three-year projection averages of sales tax.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Treasurer, 207 Muegge Way, Bennett, CO, 80102 or call (303) 644-3249.

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BASIC FINANCIAL STATEMENTS

TOWN OF BENNETT, COLORADO
STATEMENT OF NET POSITION
December 31, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 9,909,310	\$ 17,989,165	\$ 27,898,475
Accounts receivable	2,174,280	300,358	2,474,638
Due from other governments	1,455,583	-	1,455,583
Internal balances	461,082	(461,082)	-
Property taxes receivable	1,145,434	-	1,145,434
Prepaid expenses	-	26,631	26,631
Cash and investments - Restricted	1,199,953	641,104	1,841,057
Capital assets, not being depreciated			
Land, water rights and construction in progress	13,153,550	7,385,298	20,538,848
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	21,569,254	27,593,820	49,163,074
Right to use assets, net of accumulated amortization			
Software subscriptions	73,275	-	73,275
Total assets	<u>51,141,721</u>	<u>53,475,294</u>	<u>104,617,015</u>
LIABILITIES			
Accounts payable and accrued liabilities	804,915	153,645	958,560
Accrued interest payable	29,201	48,687	77,888
Amounts owed to developers	3,746,635	-	3,746,635
Unearned revenues	477,452	366,000	843,452
Compensated absences	111,924	29,695	141,619
Noncurrent liabilities			
Due within one year	327,770	554,694	882,464
Due in more than one year	9,378,504	12,681,830	22,060,334
Total liabilities	<u>14,876,401</u>	<u>13,834,551</u>	<u>28,710,952</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>1,145,434</u>	<u>-</u>	<u>1,145,434</u>
NET POSITION			
Net investment in capital assets	26,618,052	21,742,594	48,360,646
Restricted			
Emergency reserves	312,905	-	312,905
Debt service	-	377,021	377,021
Conservation trust	11,060	-	11,060
Unrestricted	8,177,869	17,521,128	25,698,997
Total net position	<u>\$ 35,119,886</u>	<u>\$ 39,640,743</u>	<u>\$ 74,760,629</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 4,514,242	\$ 1,138,758	\$ -	\$ 19,533	\$ (3,355,951)	\$ -	\$ (3,355,951)
Public safety	648,398	55,157	-	472,754	(120,487)	-	(120,487)
Public works	1,099,414	-	-	1,740,080	640,666	-	640,666
Culture and recreation	664,576	-	-	332,955	(331,621)	-	(331,621)
Other	942,512	94,688	-	77,714	(770,110)	-	(770,110)
Interest on long-term debt	291,543	-	-	-	(291,543)	-	(291,543)
Total governmental activities	<u>8,160,685</u>	<u>1,288,603</u>	<u>-</u>	<u>2,643,036</u>	<u>(4,229,046)</u>	<u>-</u>	<u>(4,229,046)</u>
Business-type activities:							
Water	1,494,878	1,526,579	-	3,660,105	-	3,691,806	3,691,806
Wastewater	1,248,337	1,329,232	-	2,130,715	-	2,211,610	2,211,610
Total business-type activities	<u>2,743,215</u>	<u>2,855,811</u>	<u>-</u>	<u>5,790,820</u>	<u>-</u>	<u>5,903,416</u>	<u>5,903,416</u>
Total Primary Government	<u>\$ 10,903,900</u>	<u>\$ 4,144,414</u>	<u>\$ -</u>	<u>\$ 8,433,856</u>	<u>(4,229,046)</u>	<u>5,903,416</u>	<u>1,674,370</u>
General revenues:							
Taxes							
Property and specific ownership taxes					629,950	-	629,950
Sales taxes					5,928,163	-	5,928,163
Use taxes					661,178	-	661,178
Other taxes					865,919	-	865,919
Impact fees					1,030,391	-	1,030,391
Investment earnings					503,005	834,180	1,337,185
Other					566,884	-	566,884
Gain on disposal of assets					6,700	187,468	194,168
Transfers					(47,870)	47,870	-
Total general revenues and transfers					<u>10,144,320</u>	<u>1,069,518</u>	<u>11,213,838</u>
Change in net position					<u>5,915,274</u>	<u>6,972,934</u>	<u>12,888,208</u>
Net position - Beginning (As originally reported)					<u>28,864,321</u>	<u>32,667,809</u>	<u>61,532,130</u>
Restatement					340,291	-	340,291
Net position - Ending					<u>\$ 35,119,886</u>	<u>\$ 39,640,743</u>	<u>\$ 74,760,629</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General	Grants
ASSETS		
Cash and investments	\$ 6,098,423	\$ -
Cash and investments - restricted	-	-
Accounts receivable	789,962	-
Due from other funds	2,528,072	-
Due from other governments	-	1,455,583
Property taxes receivable	799,742	-
Total assets	\$ 10,216,199	\$ 1,455,583
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 277,485	\$ 34,252
Accrued expenses	126,923	-
Amounts owed to developers	3,746,635	-
Due to other funds	-	1,411,215
Unearned revenue	12,000	10,116
Compensated absences	111,924	-
Total liabilities	4,274,967	1,455,583
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes :	799,742	-
Total deferred inflows of resources	799,742	-
 FUND BALANCES		
Restricted		
Emergency reserves	312,905	-
Capital asset purchases	-	-
Conservation trust	-	-
Assigned		
Public works	-	-
Unassigned	4,828,585	-
Total fund balances	5,141,490	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,216,199	\$ 1,455,583

Sales Tax Capital Improvement	Use Tax Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 48,714	\$ 947,929	\$ 2,814,244	\$ 9,909,310
723,461	476,492	-	1,199,953
1,331,507	-	52,811	2,174,280
-	-	-	2,528,072
-	-	-	1,455,583
-	-	345,692	1,145,434
<u>\$ 2,103,682</u>	<u>\$ 1,424,421</u>	<u>\$ 3,212,747</u>	<u>\$ 18,412,632</u>
\$ 332,827	\$ -	\$ 28,185	\$ 672,749
-	-	5,243	132,166
-	-	-	3,746,635
480,516	31,737	143,522	2,066,990
-	-	455,336	477,452
-	-	-	111,924
<u>813,343</u>	<u>31,737</u>	<u>632,286</u>	<u>7,207,916</u>
-	-	345,692	1,145,434
-	-	345,692	1,145,434
-	-	-	312,905
1,290,339	1,392,684	1,777,872	4,460,895
-	-	11,060	11,060
-	-	445,837	445,837
-	-	-	4,828,585
<u>1,290,339</u>	<u>1,392,684</u>	<u>2,234,769</u>	<u>10,059,282</u>
<u>\$ 2,103,682</u>	<u>\$ 1,424,421</u>	<u>\$ 3,212,747</u>	<u>\$ 18,412,632</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

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TOWN OF BENNETT, COLORADO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

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

Total fund balance - Total governmental funds	\$ 10,059,282
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,796,079
Accrued interest payable is not due and therefore is not included in the funds.	(29,201)
Noncurrent liabilities, including loans, leases, bonds payable, and software subscriptions are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,706,274)</u>
Net position of governmental activities	<u><u>\$ 35,119,886</u></u>

These financials statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	<u>General</u>	<u>Grants</u>	<u>Sales Tax Capital Improvement</u>	<u>Use Tax Capital Improvement</u>
REVENUES				
Taxes	\$ 5,268,631	\$ -	\$ 1,480,945	\$ 661,178
Intergovernmental	-	1,724,247	1,513,000	24,450
Licenses and permits	773,297	-	-	-
Charges for services	460,837	-	-	-
Fines and forfeitures	54,469	-	-	-
Bennett arts and cultural fund	131,714	-	-	-
Net investment income	218,718	-	89,495	70,210
Impact fees	-	-	-	-
Other	236,913	275,972	-	-
Total revenues	<u>7,144,579</u>	<u>2,000,219</u>	<u>3,083,440</u>	<u>755,838</u>
EXPENDITURES				
Current				
General government	3,846,499	-	-	-
Public safety	648,398	-	-	-
Public works	522,058	-	176,908	-
Culture and recreation	381,470	-	-	-
Cemetery	19,327	-	-	-
Buildings	267,512	-	-	-
Other	367,204	-	-	-
Bennett arts & cultural fund	122,746	-	-	-
Debt service				
Principal and interest	-	-	359,800	219,100
Capital outlay	274,269	952,883	3,232,767	319,326
Total expenditures	<u>6,449,483</u>	<u>952,883</u>	<u>3,769,475</u>	<u>538,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>695,096</u>	<u>1,047,336</u>	<u>(686,035)</u>	<u>217,412</u>
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	6,700	-	-	-
Transfers in	440,600	856,888	-	230,120
Transfers (out)	(268,934)	(1,085,773)	-	(66,355)
Total other financing sources (uses)	<u>178,366</u>	<u>(228,885)</u>	<u>-</u>	<u>163,765</u>
NET CHANGE IN FUND BALANCES	873,462	818,451	(686,035)	381,177
FUND BALANCES - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)	4,366,235	(935,359)	1,976,374	1,043,245
Restatement of Equity	<u>(98,207)</u>	<u>116,908</u>	<u>-</u>	<u>(31,738)</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,141,490</u>	<u>\$ -</u>	<u>\$ 1,290,339</u>	<u>\$ 1,392,684</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 333,578	\$ 7,744,332
456,131	3,717,828
-	773,297
-	460,837
-	54,469
-	131,714
124,582	503,005
1,030,391	1,030,391
-	512,885
<u>1,944,682</u>	<u>14,928,758</u>
28,777	3,875,276
-	648,398
288,654	987,620
-	381,470
-	19,327
-	267,512
-	367,204
165,723	288,469
324,901	903,801
305,925	5,085,170
<u>1,113,980</u>	<u>12,824,247</u>
<u>830,702</u>	<u>2,104,511</u>
-	6,700
-	1,527,608
<u>(154,417)</u>	<u>(1,575,479)</u>
<u>(154,417)</u>	<u>(41,171)</u>
676,285	2,063,340
1,643,654	8,094,149
<u>(85,170)</u>	<u>(98,207)</u>
<u>\$ 2,234,769</u>	<u>\$ 10,059,282</u>

These financials statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

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

Net change in fund balances - Total governmental funds	\$ 2,063,340
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization and gain on the disposal of assets in the current period

Capital outlay	\$ 5,085,170	
Proceeds from disposal of assets	(6,700)	
Gain on disposal of assets	6,700	
Depreciation and amortization	<u>(1,033,866)</u>	
		4,051,304

The issuance of long-term debt (e.g. leases and bonds) provides current financial resources. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.

Principal payments made	602,891
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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.

Change in accrued interest	9,367
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Change in net position of governmental activities	<u>\$ 6,726,902</u>
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TOWN OF BENNETT, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Water Fund	Wastewater Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,719,948	\$ 5,269,217	\$ 17,989,165
Cash and cash equivalents - restricted	393,973	247,131	641,104
Accounts receivable, net	197,525	102,833	300,358
Prepaid items	26,631	-	26,631
Total current assets	<u>13,338,077</u>	<u>5,619,181</u>	<u>18,957,258</u>
Noncurrent assets:			
Capital assets, not being depreciated	5,716,518	1,668,780	7,385,298
Capital assets, net of depreciation	14,270,693	13,323,127	27,593,820
Total noncurrent assets	<u>19,987,211</u>	<u>14,991,907</u>	<u>34,979,118</u>
Total assets	<u>33,325,288</u>	<u>20,611,088</u>	<u>53,936,376</u>
LIABILITIES			
Current liabilities:			
Accounts payable	32,917	61,658	94,575
Other liabilities	51,101	7,969	59,070
Accrued interest	37,748	10,939	48,687
Unearned revenue	-	366,000	366,000
Due to other funds	461,082	-	461,082
Notes payable, current	154,652	179,818	334,470
Bonds payable, current	140,000	-	140,000
Capital leases, current	40,112	40,112	80,224
Compensated absences	14,861	14,834	29,695
Total current liabilities	<u>932,473</u>	<u>681,330</u>	<u>1,613,803</u>
Noncurrent liabilities:			
Notes payable	2,908,940	4,838,567	7,747,507
Bonds payable	4,934,323	-	4,934,323
Total noncurrent liabilities	<u>7,843,263</u>	<u>4,838,567</u>	<u>12,681,830</u>
Total liabilities	<u>8,775,736</u>	<u>5,519,897</u>	<u>14,295,633</u>
NET POSITION			
Net investment in capital assets	11,809,184	9,933,410	21,742,594
Restricted - debt service	240,821	136,200	377,021
Unrestricted	12,499,547	5,021,581	17,521,128
Total net position	<u>\$ 24,549,552</u>	<u>\$ 15,091,191</u>	<u>\$ 39,640,743</u>

These financials statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Water Fund	Wastewater Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,526,579	\$ 1,329,232	\$ 2,855,811
Total operating revenues	<u>1,526,579</u>	<u>1,329,232</u>	<u>2,855,811</u>
OPERATING EXPENSES			
Operations and maintenance	871,755	709,454	1,581,209
Depreciation	432,734	471,675	904,409
Total operating expenses	<u>1,304,489</u>	<u>1,181,129</u>	<u>2,485,618</u>
OPERATING INCOME	222,090	148,103	370,193
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	611,513	222,667	834,180
Intergovernmental	25,000	374,230	399,230
Interest expense and fiscal charges	(190,389)	(67,208)	(257,597)
Other revenue	182,468	5,000	187,468
Total non-operating revenues (expenses)	<u>628,592</u>	<u>534,689</u>	<u>1,163,281</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	850,682	682,792	1,533,474
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	3,635,105	1,756,485	5,391,590
Transfers in	1,085,773	-	1,085,773
Transfers out	(817,603)	(220,300)	(1,037,903)
Total capital contributions and transfers	<u>3,903,275</u>	<u>1,536,185</u>	<u>5,439,460</u>
CHANGE IN NET POSITION	4,753,957	2,218,977	6,972,934
NET POSITION - BEGINNING OF YEAR	<u>19,795,595</u>	<u>12,872,214</u>	<u>32,667,809</u>
NET POSITION - END OF YEAR	<u>\$ 24,549,552</u>	<u>\$ 15,091,191</u>	<u>\$ 39,640,743</u>

These financials statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF BENNETT, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2023

	Water Fund	Wastewater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,837,134	\$ 1,676,499	\$ 3,513,633
Cash paid to employees	(211,277)	(176,610)	(387,887)
Cash paid to suppliers	(1,010,740)	(535,781)	(1,546,521)
Net cash provided by operating activities	<u>615,117</u>	<u>964,108</u>	<u>1,579,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(2,426,277)	(1,355,225)	(3,781,502)
System investment fees received	3,635,105	1,756,485	5,391,590
Debt principal payments	(370,136)	(263,458)	(633,594)
Debt interest payments	(194,379)	(71,362)	(265,741)
Net cash provided by capital and related financing activities	<u>644,313</u>	<u>66,440</u>	<u>710,753</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grant and related cash receipts	25,000	374,230	399,230
Transfers to/from other funds	268,170	(220,300)	47,870
Other income	182,464	5,000	187,464
Net cash provided by noncapital financing activities	<u>475,634</u>	<u>158,930</u>	<u>634,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	611,513	222,667	834,180
Net cash provided by investing activities	<u>611,513</u>	<u>222,667</u>	<u>834,180</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,346,577	1,412,145	3,758,722
Cash and cash equivalents - beginning of the year	10,767,344	4,104,203	14,871,547
Cash and cash equivalents - end of year	<u>\$ 13,113,921</u>	<u>\$ 5,516,348</u>	<u>\$ 18,630,269</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Cash Provided by Operating Activities			
Net operating income	\$ 222,090	\$ 148,103	\$ 370,193
Adjustments to reconcile net operating income to cash provided by operating activities			
Depreciation expense	432,734	471,675	904,409
Changes in assets and liabilities related to operations (Increase) Decrease in:			
Accounts receivable	(150,527)	(18,733)	(169,260)
Prepaid items	1,210	-	1,210
Increase (Decrease) in:			
Accounts payable	(379,474)	(20,689)	(400,163)
Due to other funds	461,082	-	461,082
Other liabilities	19,206	7,375	26,581
Deferred revenue	-	366,000	366,000
Compensated absences payable	8,796	10,377	19,173
Net cash provided (used) by operating activities	<u>\$ 615,117</u>	<u>\$ 964,108</u>	<u>\$ 1,579,225</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Town of Bennett, Colorado (the Town), was incorporated in 1930, and is governed by a Mayor and seven-member Board of Trustees elected by the residents. The Town provides the following services: public safety, public works, water and sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The Town 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 reporting 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 Town includes the Antelope Hills General Improvement District (the District) within its reporting entity. The District is a legally separate entity from the Town and the Town Trustees sit as the Board of Directors of the District. The District has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The District is reported as a blended component unit in the Town's financial statements due to Town Board control. The District does not issue separate financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental and business-type activities are eliminated so that only the net amount is included as internal balances in the governmental and business-type activities columns. Governmental activities are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Town are 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.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Separate financial statements are provided for governmental funds and proprietary 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* as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and payment of principal for bonds, leases, and notes are recorded as a reduction in liabilities.

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 collected 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 year. The Town has determined that expenditure-driven grants revenue should be recognized as soon as all eligibility criteria have been met. For this purpose, the Town considers grant revenues to be available if they are anticipated to be collected within the year after the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, sales taxes, and grant funding. All other revenue items are considered measurable and available only when cash is received by the Town. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due.

Major Funds - In the fund financial statements, the Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The *Grant Fund* accounts for the revenues and expenditures of federal, state and local grant awards.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- The *Sales Tax Capital Improvement Fund* accounts for the proceeds of the Town's 2016 Sales Tax Revenue Bonds and the additional 1% sales tax approved by the Town's voters in November, 2015 the proceeds of which are restricted to construction and maintenance of the Town's roads.
- The *Use Tax Capital Improvement Fund* accounts for the proceeds of the Town's 2021 General Obligation Bonds and the 2% use tax assessed on construction permits.

Nonmajor Funds – The Town reports five nonmajor governmental funds which include 1) Road and Bridge 2) Conservation Trust , 3) Open Space, 4) Impact Fees, and 5) Antelope Hills GID.

The Town also reports the following major proprietary funds:

- The *Water Fund* accounts for the financial activities associated with the provision of water services to Town residents.
- The *Wastewater Fund* accounts for the financial activities associated with the operation and maintenance of the sewer system.

Budgets

Budgets are adopted for all funds of the Town as required by State statutes. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal payments are budgeted as expenditures and depreciation is not budgeted. All annual appropriations lapse at fiscal year-end. On or before October 15 of each year, the Finance Department submits to the Town Board a proposed operating budget for the fiscal year commencing on the following January 1. Public hearings are conducted to obtain input from elected officials, residents, and other interested parties. By December 31, the final budget is adopted. The appropriated budget is adopted by fund. Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board. The amount expended exceeded appropriations for the Antelope Hills GID. This maybe a violation of Colorado state statute.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Cash and Investments – For purposes of the cash flow statements, cash equivalents are defined as cash on hand, demand deposits and short-term investments with original maturities of three months or less. Investments are stated at fair value, with the exception of the local government investment pool, which is stated at the net asset value of the shares owned.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable – Receivables All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2023, the Town believes all amounts recorded are fully collectible.

Activities between funds that represent lending/borrowing arrangements at the end of the fiscal year are referred to as either “due (to)/from other funds.” Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Capital Assets - Capital assets, which include property, equipment, and infrastructure (e.g., roads and similar items), and intangibles (e.g., water rights), and water and wastewater systems are reported in the applicable governmental or business-type activities. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the Town are depreciated using the straight-line method over the estimated economic useful lives:

Buildings	40 years
Buildings and improvements	15 years
Equipment	5 - 10 years
Infrastructure	15 - 30 years
Parks and recreation fields	10-40 years
Water and Wastewater systems	15-50 years

Compensated Absences - Vacation leave is based on an employee’s length of employment and is earned ratably during the span of employment. Sick leave for full and part time employee’s is earned at a rate of 3.08 hours per pay period with a maximum accrual of 160 hours. Seasonal employees earn 1 hour of sick leave for every 30 hours worked up to a maximum of 48 hours. Unpaid compensated absences are recorded as a liability when the benefits are earned. The liability is typically liquidated with resources of the same fund that has paid the applicable employee’s regular salaries and fringe benefits.

Unearned Revenues – Unearned revenues consist of advances received on grants and fees received in advance of performing services that are recognized as revenue when the terms of the grant are fulfilled or the services are performed.

Long-Term Debt – In the government-wide financial statements and the proprietary funds, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

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 current expenditures.

Deposits – Developer deposits held in escrow and security deposits received from customers are reported as liabilities in the financial statements

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period totaling \$1,145,434.

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental funds report fund balance in five different classifications:

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, as the Board is the highest level of decision-making body for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board can assign fund balance.

Unassigned – Is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property Taxes - Property taxes are levied by the Board. 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 put a tax lien on the individual properties as of January 1 of the following year. The County Treasurers of Adams and Arapahoe Counties collect the and remit the Town's taxes monthly.

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. Property taxes levied in the previous year, but collected in subsequent year, are recorded as taxes receivable and a deferred inflow of resources in the year there is an enforceable lien and the amount is measurable. Amounts deferred are subsequently recorded as revenue in the year they were levied for.

GASB Statements Implemented for the Year Ended December 31, 2023

GASB Statement 96

The Town implemented GASB Statement 96 *Subscription-Based Information Technology* during the current fiscal year. The Town is a subscriber of certain subscription-based information technology arrangements (SBITA). A SBITA is a contract that conveys control of the right to use a vendor's software, alone or in combination with hardware. The Town recognizes both a liability and an intangible right-to-use asset in the Government-wide financial statements. The right-to-use asset of a SBITA is reported with depreciable capital assets and the liabilities for SBITAs are reported with the long-term liabilities when the SBITA contract term is greater than 12 months. In general, SBITAs with a contract term of 12 months or less are recognized as outflows of resources or expense.

At the commencement of a SBITA contract, the Town initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. The SBITA liability is reduced by the principal portion of the subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over the shorter of the subscription term or useful life.

The key estimates and judgements related to SBITAs are as follows:

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The Town uses the interest charged on leases as the discount rate. If the interest rate charged by the vendor is not available, the Town generally uses its estimated incremental borrowing rate. A 3% interest rate was used for these contracts
- The subscription term includes the noncancellable period of the SBITA. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options or periods after termination options are only included in the subscription term if it is reasonably certain that the SBITA will be extended or not terminated. The Town believes these contracts will be renewed for an additional four years after the implementation year of December 31, 2023.

Liabilities arising from a SBITA are initially measured on a present value basis. SBITA liabilities include the net present value of the following contract payments, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the subscription term:

- Fixed payments;
- Variable payments that depend on an index or a rate (such as the Consumer Price Index or a marked interest rate), measured using the index or rate as of the commencement of the subscription term;
- Variable payments that are fixed in-substance;
- Payments for penalties for terminating the SBITA, if the subscription term reflects the government exercising an option to terminate the SBITA or a fiscal funding or cancellation clause; and
- Any other payments to the SBITA vendor associated with the SBITA contract that are reasonably certain of being required based on an assessment of all relevant factors.

Assets arising from a SBITA are initially measured using the sum of the following, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the subscription term:

- The amount of the initial measurement of the subscription liability.
- Payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable; and
- Capitalizable initial implementation costs.

The SBITAs will be remeasured if certain changes occur that are expected to significantly affect those balances.

GASB Statement 101

During the current fiscal year the Town also adopted the GASB Statement No. 101, *Compensated Absences*. This statement requires a liability to be reported for leave, both vacation and sick leave, that has been earned and is anticipated to be paid to the employee in the form of paid time off, cash or settled through noncash means. Based on this criteria, the Town recorded a liability for 100% of vacation and 25% of sick leave earned. A liability is also recorded for salary-related payments. For the Town this is FICA and the employer's retirement payments. The Statement requires that amounts in governmental funds, which will be liquidated with current financial resources be recorded as a fund liability. The Town anticipates that the entire liability will be paid with current resources and is recorded in the fund.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements

In June, 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*, will be implemented as required by GASB during fiscal year ending September 30, 2025. The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The Town is currently evaluating potential changes to the financial statements as a result of the implementation of this Statement.

In April, 2024, the GASB issued Statement No. 103 *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement requires that the management's discussion and analysis be reported in five sections. The statement also describes unusual or infrequent items. Proprietary funds must now report and subtotal noncapital subsidies. Major component units must be presented separately. And the budget to actual information must be reported as RSI. The Town is currently evaluating the effect this statement will have on its financial reporting.

Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Governmental activities:

Cash and investments	\$ 27,898,475
Cash and investments – Restricted	1,841,057
Total cash and investments	<u>\$ 29,739,532</u>

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

Deposits with financial institutions	\$ 1,654,127
Investments	28,085,405
Total cash and investments	<u>\$ 29,739,532</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

Custodial credit risk-deposits. 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 Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the Town's cash deposits had a bank balance of \$1,572,549 and a carrying balance of \$1,654,127. As of December 31, 2023, of the Town's deposits \$673,955 was covered by the Federal Deposit Insurance Corporation (FDIC), \$898,595 was covered by the PDPA and \$307,338 is held by a third-party vendor not covered by FDIC insurance, the PDPA or specific securities.

Investments

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

- Obligations of the United States and certain U.S. government agency securities,
- Certain international agency securities,
- 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, and
- Local government investment pools

Concentration of credit risk. While the Town's policy does not prescribe percentages of investments that maybe held, the Town generally limits its concentration of investments to certain money market funds and local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the Town is not subject to concentration of custodial risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Interest rate risk. The Town's policy for the investment of operating funds limits maturities to five years or less except for repurchase agreements which may be for 10 years.

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

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

	Weighted Average Maturity	Net Asset Value
COLOTRUST PLUS+	48 days to reset 78 days to maturity	\$ 28,085,405

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Town invests in one of COLOTRUST’s pools, COLOTRUST PLUS+. The PLUS+ Trust operates similarly to a money market fund and each share is equal in value to \$1.00. This portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. COLOTRUST PLUS+ attempts to maintain a NAV of \$1.00 per share. At December 31, 2023 the NAV was \$1.00.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST Plus+ is rated AAAM by Standards & Poor’s. COLOTRUST’s PLUS+ does not have any unfunded commitments, redemption restrictions or redemption notice periods.

Fair Value Hierarchy. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has no investments which are required to be valued in the hierarchy.

Restricted Cash and Investments

At December 31, 2023, the Town has restricted cash of \$723,461 and \$476,492 in the Sales Tax Capital Improvement and Use Tax Capital Improvement funds. These amounts are restricted for capital construction. In addition, the Town has restricted cash of \$393,973 in the Water Fund and \$247,131 in the Wastewater Fund. These amounts are restricted for debt reserves.

NOTE 4 - CAPITAL ASSETS

As described in Note 1, the Town adopted GASB Statement 96 *Subscription-Based Information Technology*. As a result, the Town recorded a right-to-use asset of software totaling \$91,594. The beginning balance of capital assets was restated for this amount.

Capital asset activity for the governmental activities for year ended December 31, 2023 was as follows:

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2022 (Restated)	Increases	Decreases	Balance at December 31, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,758,194	\$ -	\$ -	\$ 2,758,194
Public art	40,989	87,566	-	128,555
Construction in progress	7,537,831	4,135,261	(1,406,291)	10,266,801
Total capital assets, not being depreciated	<u>10,337,014</u>	<u>4,222,827</u>	<u>(1,406,291)</u>	<u>13,153,550</u>
Capital assets, being depreciated:				
Buildings	4,150,494	290,863	-	4,441,357
Infrastructure	13,980,521	594,519	-	14,575,040
Parks and recreation fields	5,541,199	1,361,956	-	6,903,155
Vehicle and equipment	925,383	-	-	925,383
Information technology	150,809	8,546	-	159,355
Street and park equipment	474,435	12,750	-	487,185
Total capital assets, being depreciated	<u>25,222,841</u>	<u>2,268,634</u>	<u>-</u>	<u>27,491,475</u>
Less accumulated depreciation for:				
Buildings	(962,062)	(136,922)	-	(1,098,984)
Infrastructure	(1,788,593)	(464,581)	-	(2,253,174)
Parks and recreation fields	(1,427,397)	(268,145)	-	(1,695,542)
Vehicle and equipment	(451,125)	(71,156)	-	(522,281)
Information technology	(83,815)	(19,143)	-	(102,958)
Street and park equipment	(193,682)	(55,600)	-	(249,282)
Total accumulated depreciation	<u>(4,906,674)</u>	<u>(1,015,547)</u>	<u>-</u>	<u>(5,922,221)</u>
Total capital assets, being depreciated, net	<u>20,316,167</u>	<u>1,253,087</u>	<u>-</u>	<u>21,569,254</u>
Capital assets, net	<u>30,653,181</u>	<u>5,475,914</u>	<u>(1,406,291)</u>	<u>34,722,804</u>
Right to use assets				
Subscription-Based Information Technology Arrangements	91,594	-	-	91,594
Less accumulated amortization for right to use assets	-	(18,319)	-	(18,319)
Right to use assets, net	<u>91,594</u>	<u>(18,319)</u>	<u>-</u>	<u>73,275</u>
Total capital/right to use assets	<u>\$ 30,744,775</u>	<u>\$ 5,457,595</u>	<u>\$ (1,406,291)</u>	<u>\$ 34,796,079</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 620,646
Public works	111,795
Culture and recreation	283,106
Total depreciation expense	<u>\$ 1,015,547</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS(CONTINUED)

Capital asset activity for the business-type activities for year ended December 31, 2023 was as follows:

	Balance at December 31, 2002	Increases	Decreases	Balance at December 31, 2023
Business-type activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 67,138	\$ -	\$ -	\$ 67,138
Water rights	1,205,799	-	-	1,205,799
Construction in progress	8,243,562	3,248,410	(5,379,611)	6,112,361
Total capital assets, not being depreciated	<u>9,516,499</u>	<u>3,248,410</u>	<u>(5,379,611)</u>	<u>7,385,298</u>
Capital assets, being depreciated:				
Buildings and plant	7,204,664	-	-	7,204,664
Collection systems	7,792,745	-	-	7,792,745
Water systems	11,619,543	5,844,473	-	17,464,016
Ponds	656,605	-	-	656,605
Equipment	1,683,310	68,234	-	1,751,544
Total capital assets, being depreciated	<u>28,956,867</u>	<u>5,912,707</u>	<u>-</u>	<u>34,869,574</u>
Less accumulated depreciation for:				
Buildings and plant	(747,591)	(179,363)	-	(926,954)
Collection systems	(991,779)	(244,643)	-	(1,236,422)
Water systems	(3,623,292)	(366,970)	-	(3,990,262)
Ponds	(332,056)	(16,160)	-	(348,216)
Equipment	(676,627)	(97,273)	-	(773,900)
Total accumulated depreciation	<u>(6,371,345)</u>	<u>(904,409)</u>	<u>-</u>	<u>(7,275,754)</u>
Total capital assets, being depreciated, net	<u>22,585,522</u>	<u>5,008,298</u>	<u>-</u>	<u>27,593,820</u>
Total capital assets	<u>\$ 32,102,021</u>	<u>\$ 8,256,708</u>	<u>\$ (5,379,611)</u>	<u>\$ 34,979,118</u>

Depreciation expense was charged to functions/programs as follows:

Water	\$ 432,734
Wastewater	471,675
Total depreciation expense	<u>\$ 904,409</u>

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2023. The activity of the Town's long-term governmental activities obligations is as follows:

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities:

Series 2016 Sales Tax Revenue Bond	\$ 4,620,000	\$ -	\$ 175,000	4,445,000	\$ 175,000
Series 2016 premium	333,760	-	30,222	303,538	-
Private Placement with a financial institution					
Series 2017 GO refunding Note	1,345,139		250,922	1,094,217	25,000
Series 2021, GO Bonds	3,545,000	-	100,000	3,445,000	110,000
Series 2021 premium	373,672	-	29,495	344,177	-
Software subscription liability	91,594	-	17,252	74,342	17,770
	<u>\$ 10,309,165</u>	<u>\$ -</u>	<u>\$ 602,891</u>	<u>9,706,274</u>	<u>\$ 327,770</u>

During 2016, the Town issued \$5,700,000 Sales Tax Revenue Bond to finance the construction and maintenance of existing and planned street-related capital improvements within the Town. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 4%. Principal payments are due annually on December 1, through 2040.

The bonds maturing on and after December 2025 are subject to redemption prior to maturity, at the option of the Town, in whole or in part. If in part, the Town shall determine by lot within a maturity, on December 2024 and on any date thereafter at a redemption price equal to the principal amount with the accrued interest to the redemption date. Following is a summary of the debt service requirements under the agreement:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 175,000	\$ 177,800	\$ 352,800
2025	175,000	170,800	345,800
2026	195,000	163,800	358,800
2027	200,000	156,000	356,000
2028	200,000	148,000	348,000
2029-2033	1,130,000	613,800	1,743,800
2034-2038	1,380,000	368,000	1,748,000
2039-2043	990,000	66,800	1,056,800
Totals	<u>\$ 4,445,000</u>	<u>\$ 1,865,000</u>	<u>\$ 6,310,000</u>

During 2017, the Antelope Hills General Improvement District (the District) issued \$1,995,000 General Obligation Refunding Note to refund and pay the outstanding Series 2006 bond. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at a rate of 5.50%. Principal payments are due annually on December 1, through 2040. The District has pledged the net revenues listed below. The Note is subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date thereafter, upon payment of par and accrued interest to the date of redemption.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The 2017 Note is secured by and payable solely from and to the extent of the Net Pledged Revenue, which includes the following, after the payment of costs for Allowable Operations Expenses which are limited to an initial amount of \$12,500, which may be increased 2% per year (up to a maximum of \$15,000):

- the District’s covenant to levy the Limited Mill Levy on all taxable property in the District
- any specific ownership tax revenues attributable to the Limited Mill Levy
- revenues collected from the Facilities Fees imposed by the District
- any other legally available funds of the District

The Limited Mill Levy is defined as an ad valorem mill levy not less than 35 mills and not in excess of 36.71 mills. Such minimum and maximum mill levies are subject to adjustment due to changes in the method of calculating assessed valuation after the issuance of the 2017 Note. For the purposes of this provision, collection year 2017 is the base year for the ratio for assessment to actual valuation and for making any determination of mill levy equivalency. The loan also requires additional payments totaling \$669,217 over the life of the Note. Following is a summary of debt service requirements under the agreement:

Year ended December 31,	Principal	Interest	Total
2024	\$ 25,000	\$ 60,349	\$ 85,349
2025	25,000	59,624	84,624
2026	25,000	58,230	83,230
2027	25,000	56,836	81,836
2028	25,000	55,593	80,593
2029-2033	125,000	256,432	381,432
2034-2038	125,000	221,565	346,565
2039-2043	719,217	78,925	798,142
Totals	<u>\$ 1,094,217</u>	<u>\$ 847,553</u>	<u>\$ 1,941,770</u>

During 2021, the Town issued \$3,685,000 Refunding and Improvement Certificates of Participation. Proceeds were used to: i) current refund the outstanding 2017 lease purchase agreement in the amount of \$1,797,000; ii) finance the acquisition, construction, installation, and equipping of various public improvements to be used as the Town’s new North Municipal Complex; and iii) pay the costs of issuing the certificates. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at a rate of 4%. Principal payments are due annually on December 1, through 2045.

The certificates maturing on and after December 1, 2034 are subject to redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount of the certificates, plus accrued interest to the redemption date. Following is a summary of debt service requirements:

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 110,000	\$ 113,100	\$ 223,100
2025	110,000	108,700	218,700
2026	115,000	104,300	219,300
2027	115,000	99,700	214,700
2028	125,000	95,100	220,100
2029-2033	695,000	398,550	1,093,550
2034-2038	815,000	278,700	1,093,700
2039-2043	945,000	149,550	1,094,550
2044-2048	415,000	18,750	433,750
	<u>\$ 3,445,000</u>	<u>\$ 1,366,450</u>	<u>\$ 4,811,450</u>

During the year ended December 31, 2023 the Town adopted GASB 96 *Subscription-Based Information Technology* (SBITAs). The Town has two subscriptions which, under this statement, the Town recognizes a subscription liability and an intangible right-to-use asset in the government wide statements.

At the commencement of the subscription, the Town initially measures the liability at the present value of payments expected to be made during the subscription term including any purchase option price that the Town is reasonably certain to exercise. The amount of the liability at January 1, 2023 was \$91,594. Subsequently, the liability is reduced by the principal portion of the subscription payments made. The vendors did not provide an interest rate for the contract and the Town used its estimated incremental borrowing rate of 3%. The Town believes that the annual contract will be renewed five times.

The right-to-use asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the subscription commencement date, plus implementation costs that can be capitalized. Subsequently, the subscription asset is amortized on a straight-line basis over the assets estimated useful life. Following is a summary of debt service requirements:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,770	\$ 4,048	\$ 21,818
2025	18,303	4,050	22,353
2026	18,852	4,052	22,904
2027	19,417	4,054	23,471
	<u>\$ 74,342</u>	<u>\$ 16,204</u>	<u>\$ 90,546</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The activity of the Town's long-term business-type activities obligations is as follows:

Business-type activities					
Private Placement with CWCB					
2015 Water loan	\$ 1,331,143	\$ -	\$ 33,359	1,297,784	\$ 34,442
Private Placement with CWRPDA					
2016 Water loan	1,883,649		117,841	1,765,808	120,210
2017 Wastewater loan	2,116,999	-	83,021	2,033,978	83,020
2018 Wastewater loan	3,127,581	-	143,174	2,984,407	96,798
2019 Capital lease	154,750	-	74,526	80,224	80,224
Series 2020 Water revenue bonds	4,650,000	-	135,000	4,515,000	140,000
Series 2020 premium	605,996	-	46,673	559,323	-
	<u>\$ 13,870,118</u>	<u>\$ -</u>	<u>\$ 633,594</u>	<u>13,236,524</u>	<u>\$ 554,694</u>

During 2015, During 2015, the Town issued \$1,454,000 Water Loan through the Colorado Water Conservation Board (C W C B) to replace two wells. Interest payments are due annually on August 1, with interest accruing at a rate of 3.25%. Principal payments are due annually on August 1, through 2048. The Town must add an amount of \$7,662 annually to a debt reserve fund, with a maximum reserve of \$76,620. The Town has funded these reserves through restrictions of its cash balances in the Water Fund. As of December 31, 2022, the Town has met all reserve requirements. Following is a summary of debt service requirements:

Year ended December 31,	Principal	Interest	Total
2024	\$ 34,442	\$ 42,178	\$ 76,620
2025	35,562	41,058	76,620
2026	36,717	39,903	76,620
2027	37,911	38,709	76,620
2028	39,143	37,477	76,620
2029-2033	215,644	167,458	383,102
2034-2038	253,039	130,063	383,102
2039-2043	296,919	86,183	383,102
2044-2048	348,407	34,694	383,101
	<u>\$ 1,297,784</u>	<u>\$ 617,723</u>	<u>\$ 1,915,507</u>

During 2016, the Town issued \$2,500,000 Drinking Water Revolving Fund Loan with Colorado Water Resources and Power Development Authority (CWRPDA) to replace existing water system storage. Interest payments are due semi-annually on May 1 and November 1, with interest accruing at a rate of 2%.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Principal payments are due semiannually on May 1 and November 1, through 2036. The loan contains a net revenue pledge of Water Fund revenues towards repayment.

The Town is required to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation. The reserve can be in the form of cash or fund equity. At December 31, 2023, \$393,973 has been reserved for this purpose.

During 2017, the Town issued \$2,500,000 Water Pollution Control Revolving Fund Loan with CWRPDA to construct a new mechanical wastewater treatment facility to replace the existing lagoon system. Principal payments are due semi-annually on May 1 and November 1, through 2038. This loan has a zero-interest rate. The loan contains a net revenue pledge of Wastewater Fund revenues towards repayment. The Town is required to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation. This reserve can be in the form of cash or fund equity. At December 31, 2023, \$247,131 has been reserved for this purpose.

During 2018, the Town issued \$3,500,000 Water Pollution Control Revolving Fund Loan with CWRPDA to construct a new mechanical wastewater treatment facility to replace the existing lagoon system. Interest payments are due semi-annually on May 1 and November 1, with interest accruing at a rate of 1.89%. Principal payments are due semi-annually on May 1 and November 1, through 2048. The loan contains a net revenue pledge of Wastewater Fund revenues towards repayment. This reserve can be in the form of cash or fund equity. As noted above \$247,131 is reserved for this purpose.

Annual debt service requirements for all CWPDRA outstanding loans at December 31, 2023 are as follows:

Year ended December 31,	Principal	Interest	Total
2024	\$ 300,028	\$ 90,668	\$ 390,696
2025	304,283	86,414	390,697
2026	308,621	82,076	390,697
2027	313,044	77,653	390,697
2028	317,553	73,143	390,696
2029-2033	1,658,570	294,912	1,953,482
2034-2038	1,470,816	172,811	1,643,627
2039-2043	1,081,716	97,127	1,178,843
2044-2048	1,029,564	31,384	1,060,948
	<u>\$ 6,784,195</u>	<u>\$ 1,006,188</u>	<u>\$ 7,790,383</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

All the CWRDPA loans require that net revenues represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loans coming due during the fiscal year. The Town believes that it is in compliance with the requirements as of December 31, 2023.

Leases Liabilities

In 2019, the Town entered into a lease purchase agreement for a Vac-Con Jetvac Truck in the original principal amount of \$361,055. Lease payments are due annually on August 15, with interest accruing at a rate of 3.97%, through 2024. At December 31, 2023, the net book value of this asset is \$216,634. Annual debt service requirements are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 80,224	\$ 3,075	\$ 83,299

During 2020, the Town issued \$4,905,000 Water Revenue Bonds to finance the acquisition of renewable water rights and the construction of well and well field improvements. Interest payments are due semiannually on June 1 and December 1, with interest accruing at rates ranging from 3% to 4%. Principal payments are due annually on December 1, through 2045. Annual debt service requirements for the bonds are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 140,000	\$ 153,000	\$ 293,000
2025	140,000	148,800	288,800
2026	145,000	144,600	289,600
2027	150,000	138,800	288,800
2028	160,000	132,800	292,800
2029-2033	890,000	563,400	1,453,400
2034-2038	1,080,000	377,150	1,457,150
2039-2043	1,255,000	198,450	1,453,450
2044-2048	555,000	25,050	580,050
	<u>\$ 4,515,000</u>	<u>\$ 1,882,050</u>	<u>\$ 6,397,050</u>

NOTE 6 - NET POSITION

As also described in Note 2, net position in the Government-wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments.

The Town has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 - NET POSITION (CONTINUED)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes, capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the Town had a net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net investment in capital assets:		
Capital assets, net	\$ 34,796,079	\$ 34,979,118
Debt related to capital assets	<u>8,178,027</u>	<u>13,236,524</u>
Net investment in capital assets	<u>\$ 26,618,052</u>	<u>\$ 21,742,594</u>

Restricted assets include restrictions 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. In the governmental activities, the Town had restricted net position of \$323,965 as of December 31, 2023. The Town's unrestricted net position as of December 31, 2023 is \$8,177,869 and \$17,521,128 for the business-type activities.

NOTE 7 - PENSION PLAN

The Town participates in the Colorado County Officials and Employees Retirement Association (CCOERA), a multiple employer defined contribution plan, to which permanent employees contribute. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members after one year of regular full-time or regular part-time service. Under this plan, 3% of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 3% from the Town. Employees are immediately vested in their own contributions and earnings on those contributions.

For the years ended December 31, 2023, 2022 and 2021, the Town recognized contributions of \$83,014, \$66,052, and \$60,133.

Deferred Compensation Plan

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by CCOERA. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

The Town participates in various federal, state and local grant programs. In the current fiscal year, the federal grants are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will not have a material effect on the Town's financial statements.

Construction commitments

At December 31, 2023, the Town has entered into contracts totaling \$5,611,096. The remaining amounts to be expended under these contracts is \$1,797,142.

NOTE 10 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

Interfund transfers for the year ended December 31, 2023 are as follows:

Transfers Out	Transfers In				Total
	General Fund	Grants Fund	Use Tax Capital Improvement	Water	
General Fund	\$ -	\$ 38,814	\$ 230,120	\$ -	\$ 268,934
Grants	-	-	-	1,085,773	1,085,773
Use Tax Capital Improvement	-	66,355	-	-	66,355
Non-Major	-	154,417	-	-	154,417
Water	220,300	597,303	-	-	817,603
Wastewater	220,300	-	-	-	220,300
	<u>\$ 440,600</u>	<u>\$ 856,889</u>	<u>\$ 230,120</u>	<u>\$ 1,085,773</u>	<u>\$ 2,613,382</u>

The transfer from the proprietary funds to the General Fund is to reimburse certain administrative costs. The transfers to the Grant Fund are to provide resources for grant matching expenditures.

Interfund receivables/payables are as follows as of December 31, 2023:

	Interfund Receivables	Interfund Payables
General	\$ 2,528,072	\$ -
Grants	-	1,411,215
Sales Tax Capital Improvement	-	480,516
Use Tax Capital Improvement	-	31,737
Nonmajor Governmental Funds	-	143,522
Water Fund	-	461,082
	<u>\$ 2,528,072</u>	<u>\$ 2,528,072</u>

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 – TRANSFERS/INTERFUND RECEIVABLES & PAYABLES (CONTINUED)

During the course of operations, transactions occur between Town funds for goods and services provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as due from other funds and due to other funds on the balance sheet and will be settled within one year.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement of 275 members to provide property and liability and/or workers' compensation coverage to its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund, and those amounts are available from insurance providers under excess specific and aggregate insurance contracts.

Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so. The Town maintains commercial insurance for workers' compensation coverage. Claims have not exceeded coverage in any of the past three fiscal years.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. Fiscal year 1992 provides the basis for limits in future years, to which may be applied allowable increases for inflation and property valuation.

Revenue received in excess of the limitations is required to be refunded unless the Town's electorate vote to retain the revenue.

The TABOR Amendment is subject to many interpretations, but the Town believes it is in substantial compliance with the Amendment.

In November 1994, voters permitted the Town, without increasing or adding any taxes of any kind, to collect, retain or expend revenues generated from all sources during 1994 and each subsequent year for trails, parks, and open space, storm water facilities and drainage, street, curb and sidewalk construction, repair and maintenance, police services, and for other basic municipal services and lawful purposes, without limitation.

The Town has established an emergency reserve of 3%, as required by the Amendment. At December 31, 2023, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$312,905.

TOWN OF BENNETT, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - SUBSEQUENT EVENTS

During the year ending December 31,2024, the Town entered into a lease for the purchase of certain vehicles. The requires annual payments of \$157,137 and amount of the lease is \$795,687.

NOTE 14 - RESTATEMENTS

During its preparation for the audit the Town discovered the following issues which required a restatement the fund balance, along with those restatements as the result of adopting a new accounting pronouncement:

Government Wide Level

Certain capital assets were not included in construction in progress	\$ 370,279
The adoption of GASB Statement 101 and the resulting increase in compensated absences	(29,988)

Fund Level

General Fund	
The adoption of GASB Statement 101 and the resulting increase in compensated absences	(98,207)
Grants Fund	
To record matching funds relating to the previous year	116,908
Use Tax Capital Improvement Fund	
To record matching funds relating to the previous year	(31,738)
Non-Major Funds	
To record matching funds relating to the previous year	\$ (85,170)

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
GENERAL FUND
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 5,176,820	\$ 5,176,820	\$ 5,268,631	\$ 91,811
Licenses and permits	408,725	408,725	773,297	364,572
Charges for service	435,235	435,235	460,837	25,602
Fines and forfeitures	5,990	5,990	54,469	48,479
Bennett arts and cultural fund	110,500	110,500	131,714	21,214
Net investment income	379,805	379,805	218,718	(161,087)
Other	49,095	49,095	236,913	187,818
Total revenues	<u>6,566,170</u>	<u>6,566,170</u>	<u>7,144,579</u>	<u>578,409</u>
EXPENDITURES				
General government	3,687,280	3,687,280	3,846,499	(159,219)
Public safety	685,430	685,430	648,398	37,032
Public works	505,755	505,755	522,058	(16,303)
Culture and recreation	413,685	413,685	381,470	32,215
Cemetery	25,000	25,000	19,327	5,673
Buildings	326,385	326,385	267,512	58,873
Nondepartmental	768,109	768,109	367,204	400,905
Bennett arts and cultural fund	235,500	335,500	122,746	212,754
Capital outlay	-	146,000	274,269	(128,269)
Total expenditures	<u>6,647,144</u>	<u>6,893,144</u>	<u>6,449,483</u>	<u>443,661</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(80,974)</u>	<u>(326,974)</u>	<u>695,096</u>	<u>1,022,070</u>
OTHER FINANCING SOURCES (USES)				
Sale of general assets	20,000	20,000	6,700	(13,300)
Transfers in	666,765	666,765	440,600	(226,165)
Transfers (out)	(504,626)	(504,626)	(268,934)	235,692
Total other financing sources (uses)	<u>182,139</u>	<u>182,139</u>	<u>178,366</u>	<u>(3,773)</u>
NET CHANGE IN FUND BALANCES				
	<u>\$ 101,165</u>	<u>\$ (144,835)</u>	<u>873,462</u>	<u>\$ 1,018,297</u>
FUND BALANCE - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)				
			4,366,235	
Restatement of Equity				
			<u>(98,207)</u>	
FUND BALANCE - END OF YEAR				
			<u>\$ 5,141,490</u>	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes				
Property tax	\$ 629,570	\$ 629,570	\$ 629,950	\$ 380
Sales and use tax	4,397,900	4,397,900	4,447,218	49,318
Lodging tax	58,400	58,400	70,528	12,128
Cigarette tax	7,115	7,115	9,759	2,644
Franchise tax	83,170	83,170	96,390	13,220
Severance tax	-	-	14,725	14,725
Other tax	665	665	61	(604)
Total taxes	<u>5,176,820</u>	<u>5,176,820</u>	<u>5,268,631</u>	<u>91,811</u>
Licenses and permits				
Building permits	266,515	266,515	516,217	249,702
Plan reviews	36,010	36,010	93,560	57,550
Animal licenses	1,860	1,860	688	(1,172)
Liquor licenses	1,950	1,950	1,075	(875)
Infrastructure inspection fees	50,000	50,000	60,027	10,027
Miscellaneous	52,390	52,390	101,730	49,340
Total licenses and permits	<u>408,725</u>	<u>408,725</u>	<u>773,297</u>	<u>364,572</u>
Charges for services				
Charges for services rentals	69,320	69,320	70,430	1,110
Internal department charges	349,740	349,740	378,587	28,847
Cemetery charges	15,975	15,975	11,800	(4,175)
Other charges for services	200	200	20	(180)
Total charges for services	<u>435,235</u>	<u>435,235</u>	<u>460,837</u>	<u>25,602</u>
Fines and forfeitures				
Court fees	5,990	5,990	54,469	48,479
Total fines and forfeitures	<u>5,990</u>	<u>5,990</u>	<u>54,469</u>	<u>48,479</u>
Investment Earnings				
Investment earnings	379,805	379,805	218,718	(161,087)
Total investment earnings	<u>379,805</u>	<u>379,805</u>	<u>218,718</u>	<u>(161,087)</u>
Bennett art and cultural fund				
Bennett art and cultural fund	110,500	110,500	131,714	21,214
Total Bennett art and cultural fund	<u>110,500</u>	<u>110,500</u>	<u>131,714</u>	<u>21,214</u>
Other revenues				
Impact fees	27,920	27,920	68,288	40,368
Miscellaneous revenues	21,175	21,175	168,625	147,450
Total other revenues	<u>49,095</u>	<u>49,095</u>	<u>236,913</u>	<u>187,818</u>
Other financing sources				
Sale of general assets	20,000	20,000	6,700	(13,300)
Transfers in	666,765	666,765	440,600	(226,165)
Total other financing sources	<u>686,765</u>	<u>686,765</u>	<u>447,300</u>	<u>(239,465)</u>
Total revenues	<u>\$ 7,252,935</u>	<u>\$ 7,252,935</u>	<u>\$ 7,591,879</u>	<u>\$ 338,944</u>

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Expenditures</u>				
General government				
Administration	\$ 1,523,165	\$ 1,523,165	\$ 1,526,958	\$ (3,793)
Communication	19,235	19,235	43,498	(24,263)
Finance	428,550	428,550	415,583	12,967
Boards and commissions	204,445	204,445	152,893	51,552
Town clerk	84,335	84,335	70,389	13,946
Elections	1,500	1,500	-	1,500
Municipal court	35,140	35,140	38,862	(3,722)
Community development	434,355	434,355	615,334	(180,979)
Planning	253,040	253,040	286,471	(33,431)
Economic development	184,970	184,970	132,126	52,844
Information technology	146,240	146,240	143,896	2,344
Internal services	372,305	372,305	420,489	(48,184)
Total general government	<u>3,687,280</u>	<u>3,687,280</u>	<u>3,846,499</u>	<u>(159,219)</u>
Public safety	685,430	685,430	648,398	37,032
Public works	505,755	505,755	522,058	(16,303)
Culture and recreation	413,685	413,685	381,470	32,215
Cemetery	25,000	25,000	19,327	5,673
Buildings	326,385	326,385	267,512	58,873
Non departmental	768,109	768,109	367,204	400,905
Bennett arts and cultural fund	235,500	335,500	122,746	212,754
Capital outlay	-	146,000	274,269	(128,269)
Total other expenditures	<u>2,959,864</u>	<u>3,205,864</u>	<u>2,602,984</u>	<u>602,880</u>
Transfers out	504,626	504,626	268,934	235,692
Total expenditures	<u>\$ 7,151,770</u>	<u>\$ 7,397,770</u>	<u>\$ 6,718,417</u>	<u>\$ 679,353</u>

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GRANT FUND
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,936,500	\$ 1,936,500	\$ 1,724,247	\$ (212,253)
Other income	-	-	275,972	275,972
Total revenues	<u>1,936,500</u>	<u>1,936,500</u>	<u>2,000,219</u>	<u>63,719</u>
EXPENDITURES				
Capital outlay	<u>2,609,730</u>	<u>2,709,730</u>	<u>952,883</u>	<u>1,756,847</u>
Total expenditures	<u>2,609,730</u>	<u>2,709,730</u>	<u>952,883</u>	<u>1,756,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(673,230)	(773,230)	1,047,336	1,820,566
OTHER FINANCING SOURCES (USES)				
Transfers in	673,500	673,500	856,888	183,388
Transfers (out)	(270)	(270)	(1,085,773)	(1,085,503)
Total other financing sources (uses)	<u>673,230</u>	<u>673,230</u>	<u>(228,885)</u>	<u>(902,115)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ (100,000)</u>	818,451	<u>\$ 918,451</u>
FUND BALANCES - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)			(935,359)	
Restatement of equity			<u>116,908</u>	
FUND BALANCES - END OF YEAR			<u>\$ -</u>	

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

TOWN OF BENNETT, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	<u>Road and Bridge Fund</u>	<u>Conservation Trust Fund</u>	<u>Open Space Fund</u>
ASSETS			
Cash and investments	\$ 856,139	\$ 46,325	\$ 11,060
Accounts receivable	51,662	-	-
Property taxes receivable	-	-	-
TOTAL ASSETS	<u><u>\$ 907,801</u></u>	<u><u>\$ 46,325</u></u>	<u><u>\$ 11,060</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,385	\$ -	\$ -
Accrued expenses	5,243	-	-
Unearned revenues	455,336	-	-
Due to other funds	-	46,325	-
Total liabilities	<u>461,964</u>	<u>46,325</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Restricted			
Capital projects	-		
Parks and recreation	-	-	11,060
Assigned			
Public works	445,837	-	-
Total fund balances	<u>445,837</u>	<u>-</u>	<u>11,060</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 907,801</u></u>	<u><u>\$ 46,325</u></u>	<u><u>\$ 11,060</u></u>

Impact Fees Fund	Antelope Hills GID Fund	Total Nonmajor Governmental Funds
\$ 1,760,874	\$ 139,846	\$ 2,814,244
	1,149	52,811
	345,692	345,692
<u>\$ 1,760,874</u>	<u>\$ 486,687</u>	<u>\$ 3,212,747</u>
\$ 26,800	\$ -	\$ 28,185
	-	5,243
	-	455,336
97,197	-	143,522
<u>123,997</u>	<u>-</u>	<u>632,286</u>
<u>-</u>	<u>345,692</u>	<u>345,692</u>
1,636,877	140,995	1,777,872
		11,060
		445,837
<u>1,636,877</u>	<u>140,995</u>	<u>2,234,769</u>
<u>\$ 1,760,874</u>	<u>\$ 486,687</u>	<u>\$ 3,212,747</u>

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	Road and Bridge Fund	Conservation Trust Fund	Public Open Space Fund
REVENUES			
Taxes	\$ 44,098	\$ -	\$ -
Intergovernmental	340,878	24,635	90,618
Net investment income	47,008	2,152	-
Impact fees	-	-	-
Total revenues	<u>431,984</u>	<u>26,787</u>	<u>90,618</u>
EXPENDITURES			
General government	-	-	-
Public works	288,654	-	-
Debt service			
Principal and interest	-	-	-
Capital outlay	203,496	-	-
Contingency/reserves	-	-	-
Total expenditures	<u>492,150</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,166)</u>	<u>26,787</u>	<u>90,618</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(31,537)	(79,658)
Total other financing sources (uses)	<u>-</u>	<u>(31,537)</u>	<u>(79,658)</u>
NET CHANGE IN FUND BALANCES	(60,166)	(4,750)	10,960
FUND BALANCES - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)	506,003	4,750	100
Restatement of equity	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 445,837</u>	<u>\$ -</u>	<u>\$ 11,060</u>

Impact Fees Fund	Antelope Hills Fund	Total
\$ -	\$ 289,480	\$ 333,578
-	-	456,131
70,407	5,015	124,582
1,030,391	-	1,030,391
<u>1,100,798</u>	<u>294,495</u>	<u>1,944,682</u>
-	28,777	28,777
-	-	288,654
-	324,901	324,901
102,429	.	305,925
165,723	-	165,723
<u>268,152</u>	<u>353,678</u>	<u>1,113,980</u>
<u>832,646</u>	<u>(59,183)</u>	<u>830,702</u>
(43,222)	-	(154,417)
<u>(43,222)</u>	<u>-</u>	<u>(154,417)</u>
789,424	(59,183)	676,285
932,623	200,178	1,643,654
(85,170)	-	(85,170)
<u>\$ 1,636,877</u>	<u>\$ 140,995</u>	<u>\$ 2,234,769</u>

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Specific ownership tax	\$ 30,515	\$ 30,515	\$ 42,637	\$ 12,122
Highway user tax	94,445	94,445	104,218	9,773
County road and bridge tax	198,460	198,460	219,027	20,567
Other taxes	-	-	1,461	1,461
Motor vehicle registration fees	9,645	9,645	17,633	7,988
Investment income	6,150	6,150	47,008	40,858
Total revenues	<u>339,215</u>	<u>339,215</u>	<u>431,984</u>	<u>92,769</u>
EXPENDITURES				
Public works	214,215	288,654	288,654	-
Capital outlay	125,000	203,496	203,496	-
Total expenditures	<u>339,215</u>	<u>492,150</u>	<u>492,150</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (152,935)</u>	(60,166)	<u>\$ 92,769</u>
FUND BALANCES - BEGINNING OF YEAR			<u>506,003</u>	
FUND BALANCES - END OF YEAR			<u>\$ 445,837</u>	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 17,440	\$ 17,440	\$ 24,635	\$ 7,195
Investment income	-	-	2,152	2,152
Total revenues	17,440	17,440	26,787	9,347
EXPENDITURES				
Emergency reserves	17,440	-	-	-
Total expenditures	17,440	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER UNDER EXPENDITURES	-	17,440	26,787	9,347
OTHER FINANCING SOURCES				
Transfers out	-	(31,537)	(31,537)	-
Total other financing sources	-	(31,537)	(31,537)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (14,097)	(4,750)	\$ 9,347
FUND BALANCES - BEGINNING OF YEAR			4,750	
FUND BALANCES - END OF YEAR			\$ -	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
OPEN SPACE FUND
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 69,525	\$ 89,603	\$ 90,618	\$ 1,015
Total revenues	<u>69,525</u>	<u>89,603</u>	<u>90,618</u>	<u>1,015</u>
EXPENDITURES				
Emergency reserves	54,565	54,565	-	54,565
Total expenditures	<u>54,565</u>	<u>54,565</u>	<u>-</u>	<u>54,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER UNDER EXPENDITURES	<u>14,960</u>	<u>35,038</u>	<u>90,618</u>	<u>55,580</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(35,775)</u>	<u>(55,853)</u>	<u>(79,658)</u>	<u>(23,805)</u>
Total other financing sources	<u>(35,775)</u>	<u>(55,853)</u>	<u>(79,658)</u>	<u>(23,805)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,815)</u>	<u>\$ (20,815)</u>	10,960	<u>\$ 31,775</u>
FUND BALANCES - BEGINNING OF YEAR			<u>100</u>	
FUND BALANCES - END OF YEAR			<u>\$ 11,060</u>	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEE FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 701,580	\$ 701,580	\$ 1,030,391	\$ 328,811
Interest income	-	24,877	70,407	45,530
Total revenues	701,580	726,457	1,100,798	374,341
EXPENDITURES				
Reserves	629,604	654,480	165,723	488,757
Capital Outlay	112,500	254,500	102,429	152,071
Total expenditures	742,104	908,980	268,152	640,828
EXCESS (DEFICIENCY) OF REVENUES OVER UNDER EXPENDITURES	(40,524)	(182,523)	832,646	1,015,169
OTHER FINANCING SOURCES				
Transfers out	(583,160)	(583,160)	(43,222)	539,938
Total other financing sources	(583,160)	(583,160)	(43,222)	539,938
NET CHANGE IN FUND BALANCES	\$ (623,684)	\$ (765,683)	789,424	\$ 1,555,107
FUND BALANCES - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)			932,623	
Restatement of Equity			(85,170)	
FUND BALANCES - END OF YEAR			\$ 1,636,877	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ANTELOPE HILLS GID FUND
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes			
Property tax	\$ 270,825	\$ 271,734	\$ 909
Specific Ownership tax	15,000	17,746	2,746
Investment earnings	100	5,015	4,915
Building permits	939	-	(939)
Total revenues	<u>286,864</u>	<u>294,495</u>	<u>7,631</u>
 EXPENDITURES			
General government			
Finance	13,815	28,777	(14,962)
Debt service			
Principal and interest	283,298	324,901	(41,603)
Total expenditures	<u>297,113</u>	<u>353,678</u>	<u>(56,565)</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	 <u>(10,249)</u>	 <u>(59,183)</u>	 <u>(48,934)</u>
 OTHER FINANCING SOURCES			
Transfers in	14,061	-	(14,061)
Transfers out	(14,061)	-	14,061
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
 NET CHANGE IN FUND BALANCES	 <u><u>\$ (10,249)</u></u>	 <u>(59,183)</u>	 <u><u>\$ (48,934)</u></u>
 FUND BALANCES - BEGINNING OF YEAR		 <u>200,178</u>	
 FUND BALANCES - END OF YEAR		 <u><u>\$ 140,995</u></u>	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
SALES TAX CAPITAL IMPROVEMENTS FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales tax	\$ 1,529,150	\$ 1,529,150	\$ 1,480,945	\$ (48,205)
Intergovernmental	-	-	1,513,000	1,513,000
Investment earnings	15,410	15,410	89,495	74,085
Total revenues	<u>1,544,560</u>	<u>1,544,560</u>	<u>3,083,440</u>	<u>1,538,880</u>
EXPENDITURES				
Current				
Public works	1,545,462	1,545,462	176,908	1,368,554
Capital outlay	112,500	3,352,500	3,232,767	119,733
Debt service				
Principal	360,300	360,300	359,800	500
Total expenditures	<u>2,018,262</u>	<u>5,258,262</u>	<u>3,769,475</u>	<u>1,488,787</u>
NET CHANGE IN FUND BALANCE	<u>\$ (473,702)</u>	<u>\$ (3,713,702)</u>	(686,035)	<u>\$ 3,027,667</u>
FUND BALANCES - BEGINNING OF YEAR			<u>1,976,374</u>	
FUND BALANCES - END OF YEAR			<u>\$ 1,290,339</u>	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
USE TAX CAPITAL IMPROVEMENTS FUND
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use taxes	\$ 320,000	\$ 320,000	\$ 661,178	\$ 341,178
Intergovernmental	-	-	24,450	24,450
Investment earnings	270	270	70,210	69,940
Other	200	200	-	(200)
Total revenues	320,470	320,470	755,838	435,368
EXPENDITURES				
Capital outlay	200,000	489,265	319,326	169,939
Debt service				
Principal and interest	215,900	215,900	219,100	(3,200)
Total expenditures	415,900	705,165	538,426	166,739
EXCESS (DEFICIENCY) OF REVENUES OVER UNDER EXPENDITURES	(95,430)	(384,695)	217,412	602,107
OTHER FINANCING SOURCES (USES)				
Transfers in	230,120	230,120	230,120	-
Transfers out	-	-	(66,355)	(66,355)
Total other financing sources (uses)	230,120	230,120	163,765	(66,355)
NET CHANGE IN FUND BALANCE	\$ 134,690	\$ (154,575)	381,177	\$ 535,752
FUND BALANCES - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)			1,043,245	
Restatement of Equity			(31,738)	
FUND BALANCES - END OF YEAR			\$ 1,392,684	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-GAAP BUDGET BASIS- WATER FUND
Year Ended December 31, 2023

	Original Budget	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Water sales	\$ 1,573,500	\$ 1,573,500	\$ 1,326,046	\$ (247,454)
Bulk water	990,275	990,275	200,533	(789,742)
Water development fees and contributions	2,743,630	3,560,498	3,635,105	74,607
Intergovernmental	-	-	25,000	25,000
Investment earnings	113,315	113,315	611,513	498,198
Other	-	-	182,468	182,468
Transfers in	910,000	910,000	1,085,773	175,773
Total revenues	6,330,720	7,147,588	7,066,438	(81,150)
EXPENDITURES				
Operations and maintenance	1,262,204	445,336	871,755	(426,419)
Capital outlay	1,837,000	4,707,868	2,426,277	2,281,591
Debt service				-
Principal and interest	204,431	204,431	560,525	(356,094)
Operating transfers out	1,130,300	1,130,300	817,603	312,697
Total expenditures	4,433,935	6,487,935	4,676,160	1,811,775
CHANGE IN NET POSITION, BUDGETARY BASIS				
	\$ 1,896,785	\$ 659,653	2,390,278	\$ 1,730,625
Reconciliation to GAAP Basis				
Capital Outlay			2,426,277	
Depreciation			(432,734)	
Debt service payments			370,136	
CHANGE IN NET POSITION, GAAP BASIS			4,753,957	
FUND BALANCES - BEGINNING OF YEAR			19,795,595	
FUND BALANCES - END OF YEAR			\$ 24,549,552	

See accompanying independent auditors' report.

TOWN OF BENNETT, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-GAAP BUDGET BASIS- WASTEWATER FUND
Year Ended December 31, 2023

	Original Budget	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 1,517,175	\$ 1,517,175	\$ 1,329,232	\$ (187,943)
Wastewater development fees	1,981,040	1,981,040	1,756,485	(224,555)
Intergovernmental	750,000	1,849,568	374,230	(1,475,338)
Investment earnings	12,190	12,190	222,667	210,477
Other	305,000	305,000	-	(305,000)
Operating transfers in	63,755	63,755	5,000	(58,755)
Total revenues	4,629,160	5,728,728	3,687,614	(2,041,114)
EXPENDITURES				
Operations and maintenance	623,075	623,075	709,454	(86,379)
Capital outlay	1,823,755	3,243,755	277,445	2,966,310
Debt service				
Principal and interest	259,175	259,175	330,666	(71,491)
Operating transfers out	195,465	195,465	220,300	(24,835)
Total expenditures	2,901,470	4,321,470	1,537,865	2,783,605
CHANGE IN NET POSITION, BUDGETARY BASIS				
	\$ 1,727,690	\$ 1,407,258	2,149,749	\$ 742,491
Reconciliation to GAAP Basis				
Capital Outlay			277,445	
Depreciation			(471,675)	
Debt service payments			263,458	
CHANGE IN NET POSITION, GAAP BASIS				
			2,218,977	
FUND BALANCES - BEGINNING OF YEAR				
			12,872,214	
FUND BALANCES - END OF YEAR				
			\$ 15,091,191	

See accompanying independent auditors' report.

OTHER SCHEDULES

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The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: Town Of Bennett
	YEAR ENDING : December 2023

This Information From The Records Of (example - City of _ or County of _) Town of Bennett	Prepared By: Daniel Pennington Phone: 303-644-3249 ext:1024
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,532,037
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	66,560
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	1,742,609	c. Other	27,154
4. Miscellaneous local receipts (from page 2)	136,503	d. Total (a. through c.)	27,154
5. Transfers from toll facilities		4. General administration & miscellaneous:	274,183
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,899,934
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	184,800
7. Total (1 through 6)	1,879,112	b. Redemption	175,000
B. Private Contributions		c. Total (a. + b.)	359,800
C. Receipts from State government (from page 2)	564,925	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,444,037	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	359,800
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4,259,734

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	5,328,179		175,000	5,153,179
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,204,585	2,444,037	4,259,734	388,887	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2023

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	136,503
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,480,945	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	261,665	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,742,609	h. Other	
c. Total (a. + b.)	1,742,609	i. Total (a. through h.)	136,503
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	104,218	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	17,533	d. Federal Transit Admin	
d. Other (Specify) - CDOT Grant	443,174	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	460,707	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	564,925	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		22,856	22,856
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		3,421,216	3,421,216
(4). System Enhancement & Operation		87,965	87,965
(5). Total Construction (1) + (2) + (3) + (4)	0	3,509,181	3,509,181
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,532,037	3,532,037
			(Carry forward to page 1)

Notes and Comments:

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (this “Undertaking”) is executed and delivered, as of December 10, 2024, by the Town of Bennett, Colorado (the “Town”), acting by and through its Wastewater Activity Enterprise (the “Enterprise” or “Wastewater Activity Enterprise”), in connection with the issuance of its Wastewater Revenue Bonds, Series 2024 in the aggregate principal amount of \$29,435,000.

The Bonds are authorized pursuant to the Bond Ordinance, dated as of October 22, 2024 (the “Ordinance”), by UMB Bank, n.a., as paying agent (the “Paying Agent”). Capitalized terms used but not otherwise defined herein will have the meanings assigned thereto in the Ordinance.

In consideration of the issuance of the Bonds by the Town and the purchase of such Bonds by the Owners, the Town hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the Town as of the date set forth above, for the benefit of the holders and owners (the “Bondholders”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“Agreement” means the obligations of the Town pursuant to Sections 4, 5 and 6.

“Annual Financial Information” means the financial information and operating data described in Exhibit I.

“Annual Financial Information Disclosure” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

“Audited Financial Statements” means the audited general purpose financial statements of the Town, prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means initially the Town and any successor agent designated as such in writing by the Town and which has filed with the Town a written acceptance of such designation, and such agent’s successors and assigns.

“Enumerated Event” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“Enumerated Events Disclosure” means dissemination of a notice of an Enumerated Event as set forth in Section 5.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Enumerated Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The final CUSIP[®] of the Bonds is 082162 AU2¹. The final Official Statement relating to the Bonds is dated December 3, 2024 (the “Final Official Statement”).

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the Town hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the Town’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 240 days immediately following the completion date of the Town’s fiscal year, commencing with fiscal year 2024.

The Town is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Town will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Enumerated Events Disclosure. Subject to Section 10 of this Agreement, the Town hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Enumerated Events Disclosure to the MSRB in Prescribed Form. From and after the Effective Date, the Town is required to deliver such Enumerated Events Disclosure in the same manner as provided by Section 4 of this Agreement.

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¹ The Town takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

Section 6. Duty to Update EMMA/MSRB. The Town shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Town to Provide Information. The Town shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Town to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Town to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Town to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Town or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Town, the Paying Agent or Registrar or by an approving vote of the Bondholder Representative or of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Town or its affiliates) at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. The Agreement of the Town shall be terminated hereunder when the Town shall no longer have any legal liability under the terms of the Indenture pursuant to the terms of the Indenture for any obligation on or relating to the repayment of the Bonds. The Town shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The Town shall transmit all information to the MSRB as provided in this Agreement. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of an Enumerated Event, in addition to that which is required by this Agreement. If the Town chooses to include any information from any document or notice of occurrence of an Enumerated Event in addition to that which is specifically required by this

Agreement, the Town shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of an Enumerated Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Town, the Dissemination Agent, if any, the Town, the Bondholder Representative and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Town shall maintain records of all Annual Financial Information Disclosure and Enumerated Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The Town shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Town under the Ordinance or to execute a continuing disclosure agreement under the Rule.

Section 15. Governing Law. This Agreement shall be governed by the laws of the State.

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EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data, exclusive of Audited Financial Statements, as set forth below of the type appearing or incorporated by reference in the following tables, with such tables updated to include data for the most recently completed fiscal year of the Town and not for any interim financial periods occurring thereafter.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The Town shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days immediately following the last day of the Town’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the Town.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of the Town, the Town will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

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Debt Service Coverage

20[]

Gross Revenues
 Operating Revenue
 Wastewater Development Fees
 Non-Operating Revenues
 Total Gross Revenues

Operation and Maintenance Expenses

**Net Revenue Available
 For Debt Service**

Historical Debt Service
 Actual Debt Service Coverage
 Maximum Annual Debt
 Service Requirements

Debt Service Coverage Factor

Wastewater Capital Fund Revenue/Expense History

20[]

Beginning Fund Balance:
 Revenues
 Capital Development Fee
 Other Revenue
 Total Revenues

Expenses
 Capital Transfer
 Total Expenses

Total Revenues Less
 Expenditures

Ending Fund Balance

Wastewater Usage by Category

Category	Wastewater Usage (Gallons)	Percent of Total Usage	Total Revenues Collected	Percent of Total Billed
Residential				
Commercial				
Industrial				
Other (Government)				
Total				

Largest Accounts of the System by Total Revenue

Customer	20[]	
	Total Revenue Collected	Percent of Total Service Charges Collected
Total		

Largest Accounts of the System by Wastewater Usage

Customer	20[]	
	Wastewater Usage (gallons)	Percent of Total Wastewater Usage
Total		

Outstanding System Financial Obligations

Obligation	Original Amount	Year of Origination	Term of Loan (Years)	Current Principal Amount Outstanding
Total				

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH ENUMERATED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Town^{*}
13. The consummation of a merger, consolidation or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material
15. Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect security holders, if material^{1**}
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties

^{*} This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

^{**} The State intends to comply with Events 15 and 16, and the definition of “Financial Obligation”, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

APPENDIX D

THE TOWN

General

The Town, incorporated on September 25, 1929, is a municipal corporation and a political subdivision of the State. As a statutory municipality, the Town operates according to State statutes and Town ordinances adopted pursuant thereto. The Town encompasses approximately 5.73 square miles located in the western portion of the eastern plains of the State approximately 25 miles east of downtown Denver, Colorado. The Town has a July 2024 estimated population of 4,048.

Governing Board

The legislative and corporate authority of the Town is vested in the Board of Trustees (as previously defined, the “Board”), which consists of the Mayor and six trustees. The Mayor and the trustees are elected at large and serve four-year overlapping terms of office. The Board meetings are presided over by the Mayor. The Mayor participates as a voting member of the Board. The Board also elects a Mayor Pro-Tem from its membership to serve in the absence of the Mayor or his inability to act. Vacancies on the Board must be filled by appointment or election within 60 days or an election will be ordered by the Board. Vacancies are filled until the next regular election.

The present trustees, their principal occupations, lengths of service to the Board and terms of office are as follows:

Name	Office	Principal Occupation	Years of Service	Term Expires
Whitney Oakley	Mayor	Manager	4	2028
Kevin Barden	Mayor Pro Tem	Project Manager	2	2026
Steve Dambroski	Trustee	Retired	2	2026
Royce Pindell	Trustee	Retired	12	2028
Denice Smith	Trustee	Bus Driver	4	2028
Donna Sus	Trustee	Retired	4	2028
Larry Vittum	Trustee	Retired	8	2026

The Board effects its decisions through the passage of ordinances, resolutions, motions and orders. Passage or adoption of all ordinances and all resolutions and orders for the appropriation of money require the concurrence of a majority of all members of the Board. Unless otherwise specifically provided by statute or ordinance, all other actions of the Board require a majority vote of the members present if a quorum exists. A quorum consists of four members of the Board, including the Mayor.

State statutes and constitutional provisions reserve the right of the Town’s electors to subject ordinances, other than emergency ordinances, to a referendum vote, or to propose ordinances by way of an initiative procedure.

Administration and Management

Town Manager. The Town Manager is appointed by the Board, serving for an indefinite term at the pleasure of the Board, and is responsible for overseeing the day-to-day operations of all the Town's departments, including hiring and supervising Town staff. She assesses, and provides solutions for, community issues such as growth and transportation. The Town Manager coordinates intergovernmental agreements with other municipalities, school districts, regional groups and similar entities.

Trish Stiles has been the Town Manager since 2013. Her prior experience includes 10 years working with several municipalities in planning, community development, budgeting, economic development and project management in Adams County, Colorado. She holds a Bachelor's Degree in Politics and Government from University of Puget Sound and a Master's Degree in Public Administration from the University of Colorado at Denver.

Deputy Town Manager. The Deputy Town Manager performs complex professional and administrative work, and assists the Town Manager in day-to-day operations of the Town government including coordinating activities of several administrative divisions. She also confers with department heads on addressing staffing, organization, budgeting and other aspects of administration and coordinates and manages the Town-wide budget preparations, including preparing revenue estimates and reviewing department budgets. She works under the direction of the Town Manager with broad latitude for independent action and decisions. The Deputy Town Manager acts for the Town Manager when the Town Manager is absent.

Rachel Summers has served as the Town's Deputy Town Manager since January 2017, previously serving as the Town's Administrative Services Director for approximately six years. She holds a Bachelor's degree in sociology from the University of Northern Colorado and recently obtained her Master's of Public Administration from Adams State University.

Town Treasurer. The responsibility of the Town Treasurer is to manage all functions of the Finance Department and provide fiscal responsibility, accountability and accurate reporting on the financial status of the Town to the Board, Town Manager, department heads and citizens.

The current Town Treasurer is Danette Ruvalcaba. Ms. Ruvalcaba holds a Master's Degree in Business Administration from Regis University and has been employed with the Town, in the Finance Department since March of 2016. She is responsible for all financial management and reporting for the Town. She has experience with managing and reporting State and Federal Grants, State and Federal Loans, and bond funds.

Town Attorney. The Town attorney is appointed by the Board and serves at its pleasure. The Town's legal services are currently provided by contract between the Board and Krob Law Office, LLC, Greenwood Village, Colorado. The Town attorney is the legal representative of the Town and advises the Board and Town officials in matters relating to their powers and duties.

Town Employees and Benefits

Currently, the Town employs 40 full-time employees, approximately 4 seasonal employees and considers its employee relations to be "excellent." The Town does not recognize or collectively bargain with any employee union or association. The Town has worked to develop a comprehensive compensation package for its staff members, including medical coverage, dental coverage, vision coverage and life insurance. Employees earn paid time off at rates that increase as the length of the employee's service increases.

Services Provided by the Town

The Town provides a broad range of municipal services to the community, including roads and streets, parks and recreation, water, wastewater and general administrative services. The Town contracts with Arapahoe County for police protection and with Adams County for animal control. Services provided by various public and private entities include gas, electrical and phone service as well as education, fire protection and emergency medical services.

Town Capital Improvement Plan

In 2019, the Town completed the Capital Asset Inventory and Master Plan (as previously defined, the “CAIMP”). The CAIMP provides a tool for guiding decisions concerning capital infrastructure for current and future Town assets. In 2024, the CAIMP was reviewed and updated with current information. The CAIMP recommended capital projects to the Town’s water system, wastewater system, stormwater system, roads, lands and building, land planning, parks and trails to be implemented through 2024. The Town will continue to use the assessment and planning tools developed by the CAIMP to identify deficiencies and needs and define recommended capital improvements projects.

At the time of budget preparation, the Town prepares and updates the Town’s capital improvement plan utilizing the CAIMP recommendations, setting forth anticipated projects and funding sources for the upcoming budget year and the next five years. Such projects are expected to be financed with grants, loans and available Town funds. Set forth hereafter is a summary of the proposed capital projects plan for 2025-2030. There is no guarantee the projects set forth below will be completed in the years provided, or at all, and that financing will be available for the projects. See “INVESTMENT CONSIDERATIONS—Future Development.” See also “THE SYSTEM—System Capital Program” for a discussion of planned System improvements and “THE BONDS—Use of Bond Proceeds” for information on system projects to be financed with Bond proceeds.

Five-Year Capital Improvement Plan

Category	2025	2026	2027	2028	2029	2030
Buildings/Land	--	--	--	\$26,000,000	\$6,000,000	\$4,000,000
Parks and Recreation	\$3,750,000	\$2,900,000	\$1,100,000	2,300,000	20,000,000	2,000,000
Roads/Transportation	1,940,000	7,810,000	7,900,000	9,750,000	4,790,000	2,400,000
Stormwater	75,000	3,190,000	825,000	2,920,000	1,900,000	--
Wastewater	1,350,000	35,900,000	20,000,000	7,000,000	--	--
Water ¹	<u>3,710,000</u>	<u>50,000</u>	<u>5,000,000</u>	<u>7,100,000</u>	<u>680,000</u>	<u>122,530,000</u>
Total	<u>\$10,825,000</u>	<u>\$49,850,000</u>	<u>\$34,825,000</u>	<u>\$55,070,000</u>	<u>\$33,370,000</u>	<u>\$130,930,000</u>

¹ Includes projects to be financed with Bond proceeds. See “THE BONDS—Use of Bond Proceeds” and “THE SYSTEM—System Capital Program.”

Cybersecurity

The Town has not had any cyberattacks in the last five years. The Town has cybersecurity insurance with CIRSAs. The Town security awareness program is KnowBe4 and the Town conducts training campaigns and phishing simulations on a quarterly basis. October is Cyber security awareness month and the Town is conducting weekly training and providing additional information on tips and tricks. The Town has an Emergency Operations Plan (“EOP”) in place which covers a cyberattack event. This lists out all authorities needed to be involved and the proper steps to take. The Town is in the process of creating a policy and procedure guide for the IT department specifically which will provide a detailed continuity plan. The Town keeps an inventory of the systems they control and keeps the systems running with current patches and runs updates on a regular basis. The hosted environments are managed by our providers. The systems run SOHOS antivirus programs and the system is backed up on a weekly basis to the Town’s cloud service as well as multiple NAS devices. All of these are tested to make sure recovery is successful.

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APPENDIX E

TOWN FINANCIAL INFORMATION AND DEBT STRUCTURE

Accounting Policies

The accounts of the Town are organized on the basis of funds which are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. Each fund is considered a separate accounting entity. The operations of each fund include its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. For a description of the various funds and account groups, see the Town's financial statements appended hereto.

Financial operations are accounted for by the Town's Finance Department. In accordance with State law, an annual audit is required to be made of the Town's financial statements at the end of the fiscal year. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State Auditor six months after the end of the fiscal year.

The Town's fiscal year 2023 audited financial statements, the most current audited financial information available for the Town, are attached hereto.

Major Sources of General Fund Revenues

The governmental fund utilized for the administration and operation of the Town is the General Fund.

Sales and Use Tax. Sales and use tax revenues have represented the largest single source of revenue in the Town's General Fund over the past five years. The Town imposes a 4% sales and use tax with revenue from the 3% sales and use tax being deposited into the General Fund and revenue from the 1.0% sales and use tax deposited into the sales tax capital improvement fund for the improvement, maintenance and operations related to existing and planned streets within the Town. Sales and use tax revenue comprised \$4,447,218 (58.57%) of total 2023 General Fund Revenues. See the table entitled "General Fund—Comparative Statement of Revenues, Expenses and Changes in Net Position" hereafter.

Other General Fund Revenue. The Town has a variety of other revenue sources which contribute to the General Fund, including the following: licenses and permits, intergovernmental, charges for services, fines and forfeits, grants and contributions, and investment income.

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Historical General Fund Operations

Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balances for the Town's General Fund. The following information should be read together with the Town's financial statements and accompanying notes appended hereto. Preceding years' financial statements may be obtained from the sources noted in "MISCELLANEOUS—Additional Information."

General Fund Comparative Statement of Revenues, Expenses and Changes in Net Position

	2019	2020	2021	2022	2023
Revenues					
Taxes	\$3,125,656	\$4,193,122	\$3,921,048	\$4,972,152	\$5,268,631
Licenses and Permits	330,581	567,208	651,796	328,559	773,297
Intergovernmental Revenue	305,780	1,344,915	351,638	378,669	--
Charges for Services	347,520	317,845	382,713	471,269	460,837
Fines and Forfeitures	25,477	10,295	14,651	--	54,469
Impact Fees	257,960	20,161	40,106	23,971	--
Bennett Arts and Cultural Fund	67,180	585,630	50,175	73,224	131,714
Net Investment Income	46,951	12,761	2,500	64,853	218,718
Contributions	2,777	8,190	2,241	2,921	--
Other	<u>139,790</u>	<u>67,852</u>	<u>204,642</u>	<u>223,211</u>	<u>236,913</u>
Total Revenues	<u>4,649,672</u>	<u>7,127,979</u>	<u>5,621,510</u>	<u>6,538,829</u>	<u>7,144,579</u>
Expenditures					
Current					
General Government	2,112,665	2,505,559	2,752,915	3,225,240	3,846,499
Public Safety	409,425	415,452	522,956	608,076	648,398
Public Works	1,096,470	1,101,273	994,263	1,233,724	522,058
Culture and Recreation	--	--	--	--	381,470
Cemetery	--	--	--	--	19,327
Buildings	--	--	--	--	267,512
Other	--	--	24,719	18,363	367,204
Bennett Arts and Cultural Fund	--	--	--	--	122,746
Debt Service					
Principal and Interest	100,834	100,880	--	--	--
Capital Outlay	<u>733,333</u>	<u>993,013</u>	<u>105,372</u>	<u>94,010</u>	<u>274,269</u>
Total Expenditures	<u>4,452,727</u>	<u>5,116,177</u>	<u>4,400,225</u>	<u>5,179,413</u>	<u>6,449,483</u>
Excess Revenues Over (Under) Expenditures	196,945	2,011,802	1,221,285	1,359,416	695,096
Other Financing Sources (Uses)					
Sale of General Capital Assets	--	23,525	--	--	6,700
Transfers In	96,278	731,356	267,592	357,239	440,600
Transfers Out	<u>--</u>	<u>(798,709)</u>	<u>(714,367)</u>	<u>(715,300)</u>	<u>(268,934)</u>
Total Other Financing Sources (Uses)	<u>96,278</u>	<u>(43,828)</u>	<u>(446,775)</u>	<u>(358,061)</u>	<u>178,366</u>
Net Change in Fund Balances	293,223	1,967,974	774,510	1,001,355	873,462
Fund Balance-Beginning of Year (as originally reported)	1,688,487	1,981,710	2,590,370 ¹	3,364,880	4,366,235
Reassessment of Equity	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(98,207) ²</u>
Fund Balance-End of Year	<u>\$1,981,710</u>	<u>\$3,949,684 ¹</u>	<u>\$3,364,880</u>	<u>\$4,366,235</u>	<u>\$5,141,490</u>

¹ The 2021 beginning balance was restated from the ending balance in 2020 by \$1,359,314 due to (1) accrued payroll being understated; (2) the conversion of the Antelope Hills General Improvement district changing from discrete component unit to a blended component unit; and (3) removing the special revenue funds from the General Fund reporting to be reported separately.

² The reassessment of equity in 2023 was due to the adoption of GASB Statement 101 and the resulting increase in compensated absences.

Source: Town of Bennett audited financial statements for the years ended December 31, 2019-2023

General Fund Budget Summary and Comparison

Budget and Appropriation Procedure. The Town's budget is prepared on a calendar year basis as required by Article 1 of Title 29, C.R.S. The budget must present a complete financial plan for the Town, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the Town's finance director must submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the Town must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. Town expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote of the Board following proper notice. If the Town receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The Board adopted the Town's 2024 budget and appropriation resolution pursuant to the above-described procedure and timely filed such budget.

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General Fund Budget Summary and Comparison. Set forth hereafter is a summary of the 2023 and 2024 General Fund budgets, compared to 2024 year-to-date unaudited actual numbers. State law applicable to the preparation of the Town’s annual budgets differs in some respects from generally accepted accounting principles applicable to the preparation of the Town’s audited financial statements, and therefore the following budget summaries are not directly comparable to such financial statements.

General Fund Budget Summary

	2023 Budget (as adopted)	2024 Budget (as adopted)	2024 Year to Date Actual (unaudited) ¹
Beginning Fund Balance	\$4,421,706	\$4,399,988	\$5,141,490
Revenues			
Taxes	5,093,650	5,293,313	3,796,804
Licenses and Permits	408,725	618,893	285,888
Fines and Forfeitures	5,990	45,757	11,610
Franchise and Royalties	83,170	85,717	70,106
Impact and Development Fees	27,920	76,100	25,490
Other Revenues	420,980	275,956	272,747
Charges for Services	85,495	232,468	87,042
Transfer Revenue	<u>790,340</u>	<u>1,051,881</u>	<u>171,002</u>
Total Revenues	<u>6,916,270</u>	<u>7,680,085</u>	<u>4,720,689</u>
Expenditures			
Personnel	3,498,020	3,919,774	2,497,177
Operations	1,295,600	1,678,926	981,226
Professional Services	925,945	1,092,611	621,170
Capital	21,800	69,500	96,410
Non Departmental	670,009	567,023	141,634
Transfers	<u>504,626</u>	<u>352,250</u>	<u>--</u>
Total Expenditures	<u>6,916,000</u>	<u>7,680,086</u>	<u>4,337,617</u>
Total Revenues Less Expenditures	<u>270</u>	<u>--</u>	<u>383,072</u>
Ending Fund Balance	<u>\$4,421,976</u>	<u>\$4,399,988</u>	<u>\$5,524,562</u>

¹Unaudited financials through September 30, 2024.
Source: Town of Bennett 2023 and 2024 Budgets and Town of Bennett Finance Department

Further information relating to the General Fund as well as certain other funds of the Town may be found in the financial statements of the Town for the fiscal year ended December 31, 2023 attached hereto.

Retirement and Pension Matters

The Town participates in the Colorado County Officials and Employees Retirement Association (CCOERA), a multiple employer defined contribution plan, to which permanent employees contribute. Each employee remits 3% of their total salary and the Town makes a matching payment of 3%. During the year ended December 31, 2023, contributions by the Town totaled \$83,014, and employee contributions were \$83,014. See Note 7 to the Town’s financial statements appended hereto for a discussion of the Town’s pension plans.

Insurance Coverage

The Board acts to protect the Town against loss and liability by maintaining certain insurance coverages. The Town is insured as a member of CIRSA, a property and liability insurance pool established for Colorado municipalities on January 1, 1982. CIRSA provides liability coverage, including errors and omissions, property coverage, and specific catastrophe coverage, which is renewable annually on January 1st. See Note 11 to the Town's financial statements appended hereto for a discussion of CIRSA. The Town Manager believes the Town's present insurance coverage to be adequate. However, there can be no assurance that the Town will continue to maintain this level of coverage.

Deposit and Investment of Town Funds

State statutes set forth requirements for the deposit of Town funds in eligible depositories and for the collateralization of such deposited funds. See also Note 3 to the Town's financial statements appended hereto. The Town also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of this issue also is subject to the provisions of the Tax Code. See "TAX MATTERS."

Outstanding Financial Obligations

The following is a discussion of the Town's authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

Required Elections. Article X, Section 20 of the Colorado Constitution requires that, except for refinancing bonded debt at a lower interest rate, the Town must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect Town debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Enterprises, as defined in Article X, Section 20 of the State Constitution, are excluded from the application of said section and the voter approval requirements established therein. For a discussion of Article X, Section 20 of the State Constitution, see "SYSTEM FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending." The Bonds being issued are Enterprise revenue bonds which are issued under the Wastewater Activity Enterprise which is not subject to TABOR and therefore does not require an election.

General Obligation Debt. "Debt" or "indebtedness" as used in this section means, generally, obligations backed by the Town's full faith and credit and secured by the unlimited power of the Town to levy ad valorem property taxes for the payment of bonds and the interest thereon. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include revenue obligations, debt that has been refinanced, obligations arising upon a contingency and obligations which do not extend beyond the fiscal year in which incurred. Any general obligation indebtedness of the Town is subject to the election requirements described under the caption "Required Elections" above. Pursuant to State statutes, the total outstanding indebtedness of the Town, with the exception of any indebtedness incurred in supplying water, may not exceed 3% of the statutory actual value of taxable property within the Town. As of the date of this Official Statement, the Town has no outstanding general obligation debt and has no authorized but unissued general obligation indebtedness.

Outstanding Financial Obligations. The Board has the power to issue revenue obligations, subject to certain election requirements described above, payable from the net revenues derived from the operation of facilities to be acquired, constructed or improved with the proceeds of the bonds, or payable in whole or part from available proceeds of sales and use taxes.

The Board also has the authority to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described above. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment.

The following table sets forth the Town’s outstanding obligations, excluding obligations of the Wastewater Activity Enterprise which are set forth in “SYSTEM FINANCIAL INFORMATION—Outstanding Financial Obligations.”

Outstanding Obligations

General Fund	Outstanding Principal ¹
Sales and Use Tax Revenue Bonds, Series 2016	\$ 4,270,000
Refunding and Improvement COP 2021	<u>3,335,000</u>
Sub Total	<u>\$7,605,000</u>
Water Activity Enterprise	
CWCB Drill Well# 3 and Well #6 2015	\$1,263,342
CWRPDA Water Storage Tank 2016	1,645,598
2020 Water Bond	<u>4,375,000</u>
Sub Total	<u>7,283,940</u>
Total	<u>\$14,888,940</u>

¹ Upon issuance of the Bonds.
Source: Town of Bennett Finance Department

Antelope Hills GID Financings

Pursuant to the provisions of Title 31, Article 25, Part 6, C.R.S. (the “Improvement District Act”), the Town created the Antelope Hills General Improvement District (the “GID”) in August 1999 after a petition signed by 100% of the property owners within the GID was submitted to the Board. The GID is a legally separate entity from the Town and is reported as a discreetly presented component unit in the Town’s audited financial statements. The Board sits as the ex officio board of directors for the GID.

The GID was formed to design, install, construct and/or acquire certain public improvements (the “Public Improvements”) within the Antelope Hills subdivision located within the Town. The GID initially issued bonds in 2006 to finance the Public Improvements which bonds were refunded with the issuance by the GID of its \$1,995,000 General Obligation Refunding Note, Series 2017, currently outstanding in the principal amount of \$1,069,217. None of the revenues pledged to the GID Bonds are revenues of the Town, and the GID Bonds are only an obligation of the GID with no recourse to the Town.

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the Town of Bennett (the “Town”) is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the Town is located and prospective investors may want to review such information prior to making their investment decision. The following information is not to be relied upon as a representation or guarantee of the Town or its officers, employees or advisors.

Population

The following tables set forth population statistics for the Town, Adams and Arapahoe Counties (the “Counties”), the Denver metropolitan statistical area (comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties) (the “DMA”) and the State.

Year	Population									
	Town of Bennett	Percent Change	Adams County	Percent Change	Arapahoe County	Percent Change	DMA	Percent Change	State of Colorado	Percent Change
1980	942	--	245,944	--	293,621	--	1,618,461	--	2,889,735	--
1990	1,757	86.52%	265,038	7.76%	391,511	33.34%	1,848,319	14.20%	3,294,473	14.01%
2000	2,021	15.03	363,857	37.28	488,896	24.87	2,401,501	29.93	4,302,015	30.58
2010	2,308	14.20	441,603	21.37	572,003	17.00	2,784,228	15.94	5,029,196	16.90
2020	2,902	25.74	520,070	17.77	655,044	14.52	3,240,895	16.40	5,783,168	14.99
2023 ¹	3,549	22.29	533,365	2.56	656,061	0.16	3,269,966	0.90	5,877,610	1.63

¹ Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government, Demography Section

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Income

The following tables set forth the per capita personal income levels for the Counties, the State and the United States.

	Per Capita Personal Income				
	2018	2019	2020	2021	2022
Adams County	\$43,139	\$44,999	\$48,594	\$53,185	\$54,681
Arapahoe County	61,250	64,485	69,132	72,518	76,304
Colorado	57,794	61,258	64,852	71,923	75,722
United States	53,309	55,547	59,153	64,430	65,470

Source: United States Department of Commerce, Bureau of Economic Analysis

School Enrollment

The following table presents a five-year history of school enrollment for Bennett School District No. 29J the primary school district serving the Town.

School Enrollment		
School Year	Student Count	Percent Change
2019/2020	1,117	--
2020/2021	1,175	5.19%
2021/2022	1,249	6.30
2022/2023	1,296	3.76
2023/2024	1,645	26.93

Source: The Colorado Department of Education and the District

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Building Activity

Set forth hereafter is a five-year history of building permit activity for the Town. The Town recently completed two large annexations in the amount of 727 acres. Since 2020 the Town has annexed nearly 912 acres. Currently the Town is in discussion with a land-owner on the south side of I-70 for an additional annexation. See also “THE SYSTEM—The Capital Asset Inventory and Master Plan—*Growth Projections*”.

History of Building Permit Activity-Town of Bennett

Year	Residential		Commercial	
	Permits	Valuation	Permits	Valuation
2019	184	\$20,818,349	39	\$7,056,590
2020	153	41,888,671	4	21,730,161
2021	151	44,603,109	3	3,664,308
2022 ¹	21	6,388,224	5	6,109,073
2023	164	46,492,684	2	16,395,694
2024 ²	64	17,516,266	--	--

¹ In 2022 the Town’s first two major developments were built out, therefore in 2022 most of the developer activity was grading and infrastructure leading to the large number of permits pulled in 2023.

² Permits issued through September 30, 2024.

Source: Town of Bennett

Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the Public Trustee’s Offices of the Counties over the past five years.

History of Foreclosures Filed

Year	Adams County	Percent Change	Arapahoe County	Percent Change
2019	658	--	645	--
2020 ¹	207	(68.54)	223	(65.43)
2021 ¹	102	(50.72)	105	(52.91)
2022	691	577.45	625	495.24
2023	618	(10.56)	548	(12.32)
2024 ²	554	--	504	--

¹ The decrease in the number of foreclosures filed in 2020 and 2021 was the result of the State imposed restrictions in place regarding foreclosures.

² Foreclosures filed through November 19, 2024.

Source: Adams County and Arapahoe County Public Trustee’s Offices

Retail Sales

The retail trade sector employs a large portion of the Town and County’s work force and is important to the area’s economy. The following table sets forth information on retail sales within the Town, Adams and Arapahoe Counties and the State for the years indicated.

Retail Sales (in thousands)¹

Year	Adams County	Percent Change	Arapahoe County	Percent Change	Bennett	Percent Change	Colorado	Percent Change
2019	\$26,828,311	--	\$23,551,305	--	\$153,160	--	\$224,618,938	--
2020	26,519,233	(1.15)%	24,596,095	4.44%	165,108	7.80%	233,586,882	3.99%
2021	30,179,392	13.80	27,262,452	10.84	227,428	37.74	268,328,759	14.87
2022	36,062,790	19.49	30,183,842	10.72	316,725	39.26	299,923,777	11.77
2023	32,560,977	(9.71)	30,713,699	1.76	332,891	5.10	302,570,432	0.88
2024 ¹	20,284,244	--	20,090,368	--	177,577	--	198,671,407	--

¹ Retail sales through August 31, 2024.

Source: State of Colorado, Department of Revenue, Retails Sales Reports 2019-2024

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Employment

The following tables set forth employment statistics by industry for the Counties and the most recent historical labor force estimates for the Counties and the State.

Total Business Establishments and Employment—Adams County

Industry ¹	First Quarter 2023		First Quarter 2024		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	61	844	54	759	(7)	(85)
Mining	52	935	50	946	(2)	11
Utilities	33	946	36	1,399	3	453
Construction	2,062	24,543	2,137	25,268	75	725
Wholesale Trade	1,221	17,828	1,233	18,229	12	401
Information	238	2,421	257	2,458	19	37
Finance and Insurance	669	3,598	677	3,332	8	(266)
Real Estate, Rental and Leasing	751	3,367	764	3,520	13	153
Professional and Technical Services	2,278	9,074	2,369	9,458	91	384
Management of Companies and Enterprises	181	1,719	180	1,843	(1)	124
Administrative and Waste Services	996	15,784	1,002	16,328	6	544
Educational Services	245	25,590	259	26,593	14	1,003
Health Care and Social Assistance	1,067	32,711	1,116	34,234	49	1,523
Arts, Entertainment and Recreation	155	2,409	164	2,397	9	(12)
Accommodation and Food Services	907	18,693	932	18,279	25	(414)
Other Services, Ex. Public Administration	1,154	6,858	1,142	7,097	(12)	239
Public Administration	66	9,437	66	9,921	--	484
Unclassified	<u>12</u>	<u>8</u>	<u>62</u>	<u>13</u>	<u>50</u>	<u>5</u>
Total ²	<u>14,682</u>	<u>238,775</u>	<u>15,064</u>	<u>243,367</u>	382	4,592
Government ³						
Federal Government	45	3,530	45	3,656	--	126
Local Government	59	20,672	61	21,984	2	1,312
State Government	36	23,802	37	24,838	1	1,036

¹ Information provided herein reflects only those employers who are subject to State unemployment insurance law.

² Totals may not add due to rounding.

³ Government figures *are* included within the industry categories listed above.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

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Total Business Establishments and Employment—Arapahoe

Industry ¹	First Quarter 2023		First Quarter 2024		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	24	135	25	124	1	(11)
Mining	85	429	77	439	(8)	10
Utilities	21	277	22	270	1	(7)
Construction	2,305	23,586	2,370	24,283	65	697
Wholesale Trade	1,750	14,609	1,702	14,882	(48)	273
Information	749	17,624	752	16,181	3	(1,443)
Finance and Insurance	2,185	24,404	2,189	21,907	4	(2,497)
Real Estate, Rental and Leasing	1,680	7,044	1,662	7,054	(18)	10
Professional and Technical Services	6,355	39,721	6,371	39,687	16	(34)
Management of Companies and Enterprises	534	8,472	526	9,032	(8)	560
Administrative and Waste Services	1,791	23,286	1,797	23,031	6	(255)
Educational Services	528	23,431	538	24,108	10	677
Health Care and Social Assistance	2,927	47,792	3,014	49,782	87	1,990
Arts, Entertainment and Recreation	338	5,911	341	6,183	3	272
Accommodation and Food Services	1,476	25,837	1,498	25,376	22	(461)
Other Services, Ex. Public Administration	2,191	9,609	2,157	9,774	(34)	165
Public Administration	75	14,132	76	14,831	1	699
Unclassified	12	21	99	29	24	8
Total ²	<u>27,955</u>	<u>334,302</u>	<u>28,184</u>	<u>334,269</u>	<u>229</u>	<u>(33)</u>
Government ³						
Federal	63	3,128	64	3,302	1	174
Local	62	28,641	61	29,904	(1)	1,263
State	30	5,170	30	5,230	0	60

¹ Information provided herein reflects only those employers who are subject to State unemployment insurance law.

² Totals may not add due to rounding.

³ Government figures *are* included within the industry categories listed above.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

Labor Force Estimates

Year	Adams County		Arapahoe County		State of Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2019	275,440	2.9%	368,504	2.7%	3,148,766	2.8%
2020	275,440	2.9	368,504	2.7	3,148,766	2.8
2021	281,041	6.4	374,709	6.0	3,190,760	5.6
2022	283,913	3.9	377,389	3.6	3,235,022	3.4
2023	284,485	3.4	378,483	3.1	3,244,096	2.9
2024 ²	283,479	4.4	376,235	3.9	3,236,035	4.0

¹ As a result of the COVID-19 pandemic and the federal government induced quarantine, unemployment numbers increased exponentially as reported in April 2020 and 2021.

² Labor force average through August 31, 2024.

Source: State of Colorado, Division of Employment and Training

The Town is considered a bedroom community with many residents commuting to the Denver Metropolitan area for employment. Major employers within the Town include the Bennett School District, King Soopers, McDonald’s, Love’s Travel Shoppe, and High Plains Diner. Selected major employers in the DMA are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

Selected Major “Private Sector” Employers in the Denver Metropolitan Area ¹

Firm	Product or Service	Estimated Number of Employees ²
UCHealth	Health Care–Hospital and Clinics	27,400
HCA-HealthONE LLC	Health Care Provider	12,226
EchoStar (fka Dish Network)	Telecommunications	6,280
Ball Corporation	Packaging	5,859
University of Denver	Higher Education	3,841
Deloitte LLP and Subsidiaries	Audit, Consulting, Advisory, Tax Services	2,563
American Furniture Warehouse	Retail Furniture and Accessories	1,641
Arrow Electronics Inc.	Technology, Electric Components and Computing Solutions	1,500
RK Industries LLC	Manufacturing and Facilities Services	1,124
Mtech Mechanical	Commercial Mechanical and Plumbing Contractor	560

¹ Only entities that replied to inquiries are included. Public sector information (i.e., U.S. Government, State of Colorado, county and local municipalities, public university/college and public schools) is no longer readily available from the Denver Business Journal.

² As of December 31, 2023.

Source: Denver Business Journal, July 31, 2024

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APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the Town and the Underwriter takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the inside cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and will effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the

event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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APPENDIX H

FORM OF BOND COUNSEL OPINION

December 10, 2024

Town of Bennett, Colorado
Acting by and through its
Wastewater Activity Enterprise
Bennett, Colorado

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

Assured Guaranty Inc.
New York, New York

\$29,435,000
Town of Bennett, Colorado
Acting by and through its
Wastewater Activity Enterprise
Wastewater Revenue Bonds, Series 2024

Ladies and Gentlemen:

We have been engaged by the Town of Bennett, Colorado, acting by and through its Wastewater Activity Enterprise (the “Town”), as bond counsel in connection with the issuance of its Wastewater Revenue Bonds, Series 2024, dated December 10, 2024, in the aggregate principal amount of \$29,435,000 (the “Bonds”).

The Bonds mature on the dates, are subject to redemption, bear interest at the rates, and are transferable and payable in the manner and subject to the conditions and limitations provided in the ordinance authorizing the issuance of the Bonds adopted on October 22, 2024, as further supplemented by Resolution No. 1041-24 adopted on November 26, 2024, by the Town Board of Trustees, acting as the governing body of the Wastewater Activity Enterprise (collectively with the Sale Certificate dated as of December 10, 2024, executed pursuant to such ordinance for the purpose of setting forth certain terms of the Bonds, the “Bond Ordinance”). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Ordinance.

We have examined the Constitution and laws of the State of Colorado; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 3 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, including the status and qualification of the Town of Bennett Wastewater Activity Enterprise, we have relied upon the representations of the Town contained in the Bond Ordinance, the opinion of general counsel to the Town and the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds in the principal amount stated above are valid and binding special revenue obligations of the Town, acting by and through its Wastewater Activity Enterprise, legally enforceable in

accordance with their terms, and the Bond Ordinance has been duly authorized, is in full force and effect, and is valid and enforceable in accordance with its terms.

2. The principal of, premium if any, and interest on the Bonds are payable only out of the Net Revenues, all as more particularly set forth in the Bond Ordinance. The Bonds constitute an irrevocable and first lien on Net Revenues and on all moneys on deposit in the Reserve Account; provided however, the first lien on Net Revenues is not exclusive with respect to outstanding Parity Lien Obligations.

3. Under the laws, regulations, rulings and judicial decisions existing on the date hereof, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence assumes the accuracy of certain representations and compliance by the Town with certain covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Town has covenanted in the Bond Ordinance and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds, and we express no other opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

4. Under existing State of Colorado statutes the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion may be relied upon solely by the addressees hereto in connection with the original issuance of the Bonds. This opinion may not be relied upon for any other purpose or by any person other than the addressees without our express written consent. The delivery of this opinion to any addressee other than the Town does not create, and we expressly disclaim, any attorney-client relationship between us and such addressee.

Respectfully submitted,

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019
Form 500 (8/24)

(212) 974-0100