

## WINTER FARM METROPOLITAN DISTRICT NO. 2

### 2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Service Plan for Winter Farm Metropolitan District No. 2 (the “**District**”), the District is required to provide an annual report to the Town of Windsor with regard to the following matters:

For the year ending December 31, 2022, the District makes the following report:

#### **§32-1-207(3) Statutory Requirements**

**1. Boundary changes made.**

There were no boundary changes during the reporting year.

**2. Intergovernmental Agreements entered into or terminated with other governmental entities.**

There were no intergovernmental agreements entered into or terminated with other governmental entities in 2022.

**3. Access information to obtain a copy of rules and regulations adopted by the board.**

A copy of the rules and regulations and attached hereto as **Exhibit C**. Governing documents for the District may be found on the District’s website at: <https://www.winterfarmmd.com/>.

**4. A summary of litigation involving public improvements owned by the District.**

To our actual knowledge, based on review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2022.

**5. The status of the construction of public improvements by the District.**

Construction of all public improvements is complete and has been dedicated to and accepted by the Town, District, or other Government Agency as applicable.

**6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.**

No new facilities and improvements have been constructed by the District that would require dedication and acceptance by the Town of Windsor.

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**

Assessed Valuation of all taxable property within the District for the report year, as certified by the Weld County Assessor, is \$16.815,310.

**8. A copy of the current year's budget.**

A copy of the 2023 Budget is attached hereto as **Exhibit A**

**9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2022 Audit is attached hereto as **Exhibit B**.

**10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

The District is not aware of any uncured events of default by the District existing for more than ninety (90) days under any debt instrument of the District.

**11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

The District is not aware of any inability to pay its obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

**Service Plan Requirements**

**1. A narrative summary of the progress of the District in implementing the Service Plan for the report year.**

The District continues to undertake operations and maintenance services within the District, including the non-potable water system, drainage, and open space.

**2. Boundary changes made or proposed.**

There were no changes or proposed changes made to the boundaries of the District in 2022.

The total acreage of the District is 209.443 acres

**3. Intergovernmental Agreements with other governmental entities entered into or proposed.**

There were no intergovernmental agreements entered into or terminated with other governmental entities in 2022.

**4. Changes or proposed changes in the District's policies.**

There were no changes or proposed changes in the District's policies in 2022.

**5. Changes or proposed changes in the District's operations.**

There were no changes or proposed changes in the District's operations in 2022.

**6. The audited financial statements of the District for the report year, including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and statement of operations (i.e., revenues and expenditures) for the report year, or the District's application for exemption from Audit.**

The current financial status of the District is reflected in the 2023 budget attached hereto as **Exhibit A**.

The 2022 Audit is attached hereto as **Exhibit B**.

**7. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations incurred in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1<sup>st</sup> of the report year and the current mill levy of the Districts pledged to debt retirement in the report year.**

The amount of outstanding general obligation indebtedness as of December 31, 2022 by the District is \$8,175,000.

No new District indebtedness or long-term obligations were issued in the report year.

**8. Copies of developer Reimbursement Agreements or amendments thereto made in the applicable year.**

No new developer reimbursement agreements or amendments were made in the report year.

**9. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year and the source of funds for the same.**

No capital expenditures in development of Public Improvements were incurred by the District in 2022 and none are currently proposed.

**10. Status of District's Public Improvement Construction Schedule.**

Construction of all public improvements is complete and has been dedicated to and accepted by the Town, District, or other Government Agency as applicable.

**11. List of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town of Windsor.**

No new facilities and improvements have been constructed by the District that would require dedication and acceptance by the Town of Windsor.

**12. A summary of any litigation which involves the District.**

To our actual knowledge, based on review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER) there is no litigation involving the Districts as of December 31, 2022.

**13. Proposed plan for the year immediately following the year summarized in the annual report.**

There are no current changes to the proposed plan for 2022.

**14. Summary of current assessed valuation in the District.**

Assessed Valuation of all taxable property within the District for the report year, as certified by the Weld County Assessor is \$16.815,310.

**EXHIBIT A**  
**2023 Budget**

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Weld County, CO**  
**2023 Budget Narrative**

The Winter Farm Metropolitan District No. 2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2000. The District was established as part of a “Multiple District Structure” for the Winter Farm community located in the Town of Windsor, Weld County, Colorado. Along with its companion district, District No. 1 (“Service District”), this Financing District was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time, and all operations and administrative functions are contracted. The District’s budget has been prepared using the Modified Accrual Accounting Basis.

**GENERAL FUND**

**REVENUES – Operating and Maintenance**

1. Property Taxes are based on the assessed value of property within the District as established by Weld County. The General Fund mill levy is budgeted at 9.250 mills for 2023.
2. Specific ownership taxes are budgeted at 6.0% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the county treasurer to all taxing entities within the county.

**EXPENDITURES – Operating and Maintenance**

1. The County property tax collection fee is based on 1.5% of the property tax received.
2. Operating expenditures include administrative costs, District management, legal fees, and landscape repair and maintenance costs.
3. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues.

**SPECIAL REVENUE FUND  
REVENUES**

Revenues for the Special Fund are comprised of Irrigation Water Fees.

**EXPENDITURES**

Expenditures for the Special Fund includes costs to maintain the District’s non-potable water system.

**DEBT SERVICE FUND  
REVENUES**

1. The District has budgeted a 28.750 mill levy for debt service in 2023, which is sufficient to pay the 2023 Debt Service as required by the loan. The District has an unlimited mill levy obligation for the loan.
2. Specific ownership taxes are budgeted at 6.0% of property taxes collected.

**EXPENDITURES**

1. The required principal and interest payments due to the Bank in 2023 are budgeted. See the District’s Debt summary included in this filing.
2. The County property tax collection fee is based on 1.5% of the property tax received.
3. Other expenses include Paying Agent Fees

**Winter Farm District No. 2  
Debt Summary**

**Series 2019 General Obligation Refunding Bonds, \$8,590,000**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023-2027	805,000	1,705,688	2,510,688
2028-2032	1,000,000	1,511,688	2,511,688
2033-2037	1,275,000	1,235,188	2,510,188
2038-2042	1,630,000	882,938	2,512,938
2043-2050	3,465,000	547,863	4,012,863
<b>Total</b>	<b>8,175,000</b>	<b>5,883,365</b>	<b>14,058,365</b>

**CAPITAL FUND**

The District has established a Capital Fund to plan for major repairs to the District’s non-potable water system.

**Winter Farm Metropolitan District No. 2**

**2023 Budget**

**General Operating Fund**

Accounting Basis: Modified Accrual	2022			
	2021 Actual	2022 Budget	Estimated Actual	2023 Budget
<b>Beginning Fund Balance</b>	43,331	43,331	85,593	125,400
<b>Income</b>				
Fines	100	-	225	-
NSF Fees	-	-	20	-
Interest Revenue	566	-	1,995	-
Design Review Fees	1,140	1,000	1,400	1,400
Setup and Transfer Fees	11,700	10,000	14,000	14,000
Property Taxes	186,111	163,129	163,129	155,542
Specific Ownership Taxes	9,339	9,788	9,788	9,333
Intergovernmental Revenue	-	-	-	-
Transfer In	-	32,308	32,308	37,405
Tax Related Interest	139	-	81	-
<b>Total Income</b>	209,095	216,225	222,946	217,680
<b>Expense</b>				
<i>General and Administrative</i>				
Management & Accounting Services	25,800	27,840	27,840	31,200
Design Review Fees	1,100	1,000	1,400	1,400
Setup & Transfer Fees	11,700	10,000	14,000	14,000
Setup & Transfer Fees - District	800	-	-	-
Legal	11,257	15,000	12,500	15,000
Audit/Tax Prep	8,500	10,750	8,000	8,250
Election	-	7,500	1,661	7,500
Fees	-	-	10	-
Insurance	8,163	8,571	8,210	8,621
Treasurers Fees	2,794	2,447	2,448	2,333
Bank Fees	-	-	-	-
Office	2,153	2,000	2,200	2,000
Dues and Compliance	576	605	450	473
Contingency	-	5,000	-	5,000
<b>Total G&amp;A</b>	72,843	90,713	78,719	95,777
<i>Landscape</i>				
Landscape Contract	63,726	70,099	66,275	72,903
Landscape - Repairs	2,712	15,000	3,000	15,000
Landscape Projects	4,650	10,000	10,000	10,000
Snow Removal	3,195	6,000	6,000	6,000
Pest Control	2,589	3,000	3,000	3,000
Sprinklers	12,770	10,000	10,000	10,000
Trees/ Bushes	4,348	5,000	5,000	5,000
Erosion Control	-	-	1,145	-
<b>Total Landscape</b>	93,990	119,099	104,420	121,903
<b>Total Expenses</b>	166,833	209,812	183,139	217,680
<b>Excess Revenue (Expenses)</b>	42,262	6,413	39,807	-
Gain (loss) transfer of operations	-	-	-	-
<b>Ending Fund Balance</b>	85,593	49,744	125,400	125,400



**Winter Farm Metropolitan District No. 2  
2023 Budget**

**Special Fund**

Accounting Basis: Modified Accrual	2021 Actual	2022 Budget	2022	2023
			Estimated Actual	Budget
<b>Beginning Fund Balance</b>	42,673	61,482	63,414	63,414
<b>Income</b>				
Irrigation Water Fees	170,672	170,495	170,495	170,495
Late Fees	-	-	-	-
Interest Charges	1,263	-	560	-
Interest Revenue	11	-	1,786	-
Other Income	-	-	375	-
<b>Total Income</b>	171,946	170,495	173,216	170,495
<b>Expense</b>				
<i>General and Administration</i>				
Management	18,600	20,160	20,160	22,560
Mgmt Software Fee	-	-	-	-
Bank Fees	-	100	-	-
Bad Debt	66	-	-	-
Office Expenses	799	1,500	685	1,500
Contingency	-	5,870	-	5,000
<b>Total G&amp;A</b>	19,465	27,630	20,845	29,060
<i>Utilities</i>				
Electric	32,707	38,057	35,000	35,700
<b>Total Utilities</b>	32,707	38,057	35,000	35,700
<i>Non-potable Water System</i>				
Irrigation System Repairs	1,662	20,000	20,000	20,000
Irrigation System Monitoring	1,030	2,000	2,500	2,000
Pumphouse	1,473	10,000	5,000	10,000
Meter Equipment	340	-	-	-
Utility Locates	4,528	5,500	1,550	4,000
Transfer Out - Operating	-	32,308	32,308	37,405
Transfer Out - Capital Projects	90,000	35,000	50,000	29,500
<b>Total non-potable Water System</b>	99,033	104,808	111,358	102,905
<b>Total Expenses</b>	151,205	170,495	167,203	167,665
<b>Excess Revenues (Expenses)</b>	20,741	-	6,013	2,830
<b>Ending Fund Balance</b>	63,414	61,482	69,427	66,244

**Winter Farm Metropolitan District No. 2  
2023 Budget**

**Debt Service Fund**

Accounting Basis: Modified Accrual	2021 Actual	2022	2022	2023
		Budget	Estimated Actual	Budget
<b>Beginning Fund Balance</b>	56,840	65,505	65,379	65,379
<b>Income</b>				
Interest Revenue	35	-	3,964	-
Property Tax	496,028	489,387	489,388	483,440
Specific Ownership Tax	24,889	29,363	28,965	29,006
Tax Related Interest	371	-	242	-
<b>Total Income</b>	521,323	518,750	522,559	512,446
<b>Expense</b>				
Treasurers Fees	7,446	7,341	7,344	7,252
Paying Agent Fees	400	-	400	400
Principal - Bonds	140,000	145,000	145,000	150,000
Interest - Bonds	364,938	359,338	359,338	353,538
Insurance	-	-	-	-
Costs of Issuance	-	-	-	-
Bank fees	-	-	-	-
Contingency	-	2,500	-	2,500
<b>Total Expenses</b>	512,784	514,179	512,082	513,690
<b>Excess Revenues (Expenses)</b>	8,539	4,571	10,477	(1,244)
<b>Bond Proceeds</b>	-	-	-	-
<b>Premium on Bonds</b>	-	-	-	-
<b>Bond Refunding</b>	-	-	-	-
<b>Ending Fund Balance</b>	65,379	70,076	75,856	64,135

**Winter Farm Metropolitan District No. 2  
2023 Budget**

**Capital Fund**

Accounting Basis: Modified Accrual	2021 Actual	2022 Budget	2022	2023 Budget
			Esatimated Actual	
<b>Beginning Fund Balance</b>	142,733	247,738	220,811	222,822
<b>Income</b>				
Tap Fees	31,200	-	-	-
Interest Revenue	38	-	1,928	-
Gain transfer of operations			-	-
Transfer In	90,000	35,000	50,000	29,500
<b>Total Income</b>	121,238	35,000	51,928	29,500
<b>Expense</b>				
Principal	25,000	-	14,917	-
Contingency	-	-	-	5,000
Irrigation System Repairs	-	54,636	25,000	62,376
Earthwork	12,275	-	-	-
Meter Equipment	5,885	10,000	10,000	-
<b>Total Exepenses</b>	43,160	64,636	49,917	67,376
<b>Excess Revenues (Expenses)</b>	78,078	(29,636)	2,011	(37,876)
<b>Ending Fund Balance</b>	220,811	218,102	222,822	184,946

**EXHIBIT B**  
**2022 Audit**

**WINTER FARM METROPOLITAN DISTRICT NO. 2**

**WELD COUNTY, COLORADO**

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

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December 31, 2022



**Crady, Puca & Associates**

*Certified Public Accountants & Consultants*

**WINTER FARM METROPOLITAN DISTRICT NO. 2  
WELD COUNTY, COLORADO**

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# Crady, Puca & Associates

Certified Public Accountants & Consultants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Winter Farm Metropolitan District No. 2

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Winter Farm Metropolitan District No. 2 as of and for the year ended December 31, 2022, and related notes to the financial statements, which collectively comprise Winter Farm Metropolitan District No. 2's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Winter Farm Metropolitan District No. 2 as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Winter Farm Metropolitan District No. 2, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Winter Farm Metropolitan District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Winter Farm Metropolitan District No. 2'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 Winter Farm Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Winter Farm Metropolitan District No. 2's basic financial statements. The individual fund budgetary comparison schedules on pages 22 to 23 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The individual budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual fund budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Crady, Puca & Associates*

Aurora, Colorado  
July 21, 2023



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Statement of Net Position**  
**December 31, 2022**

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	<b>Total Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 493,870
Homeowner accounts receivable	4,202
Due from county treasurer	10,525
Property tax receivable	638,982
Cash and investments - restricted	67,963
Prepaid debt insurance, net	38,704
Capital assets depreciated, net	864,116
<b>Total assets</b>	<b>2,118,362</b>
<b>Liabilities:</b>	
Accounts payable	13,963
Prepaid assessment	3,224
Accrued interest	28,910
Bonds payable:	
Due within one year	150,000
Due in more than one year	8,913,462
<b>Total liabilities</b>	<b>9,109,559</b>
<b>Deferred inflows of resources:</b>	
Unavailable revenue - property tax	638,982
<b>Total deferred inflows of resources</b>	<b>638,982</b>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for emergencies	11,267
Unrestricted	(7,641,446)
<b>Total net position</b>	<b>\$ (7,630,179)</b>

The accompanying notes are an integral part of this financial statement.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	<b>Total Governmental Activities</b>
<b>Expenditures:</b>	
Governmental activities:	
Audit and legal	\$ 18,584
Insurance and agent fees	9,994
Architectural and setup fees	15,840
Management	48,000
Office, dues, newsletters and other	3,518
Election	1,661
Treasurer fees	9,792
Non-potable water system expenses	15,815
Utility and utility locates	34,877
Landscape contract, maintenance and replacement	91,736
Pest control and snow removal	6,270
Depreciation	118,453
Interest expense	410,946
<b>Total expenditures</b>	<u>785,486</u>
<b>Program Revenues:</b>	
Irrigation water fees	170,495
Other homeowner fees	24,210
<b>Total program revenues</b>	<u>194,705</u>
<b>Net program income (expense)</b>	(590,781)
<b>General Revenues:</b>	
Property tax revenue	652,516
Specific ownership tax	38,621
Interest income	12,290
<b>Total general revenues</b>	<u>703,427</u>
<b>Change in net position</b>	112,646
<b>Net position, beginning of year</b>	<u>(7,742,825)</u>
<b>Net position, end of year</b>	<u><u>\$ (7,630,179)</u></u>

The accompanying notes are an integral part of this financial statement.

## FUND FINANCIAL STATEMENTS

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Assets:</b>					
Cash and investments	\$ 149,604	\$ 99,712	\$ 244,554	\$ -	\$ 493,870
Homeowner accounts receivable	1,600	2,602	-	-	4,202
Due from county treasurer	2,631	-	-	7,894	10,525
Property tax receivable	155,542	-	-	483,440	638,982
Cash and investments - restricted	-	-	-	67,963	67,963
<b>Total assets</b>	<b>\$ 309,377</b>	<b>\$ 102,314</b>	<b>\$ 244,554</b>	<b>\$ 559,297</b>	<b>\$ 1,215,542</b>
<b>Liabilities:</b>					
Accounts payable	\$ 12,659	\$ 1,304	\$ -	\$ -	\$ 13,963
Prepaid assessments	-	3,224	-	-	3,224
<b>Total liabilities</b>	<b>12,659</b>	<b>4,528</b>	<b>-</b>	<b>-</b>	<b>17,187</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - property tax	155,542	-	-	483,440	638,982
<b>Total deferred inflows of resources</b>	<b>155,542</b>	<b>-</b>	<b>-</b>	<b>483,440</b>	<b>638,982</b>
<b>Fund balance:</b>					
Restricted for emergencies	5,961	5,196	110	-	11,267
Restricted for debt service	-	-	-	75,857	75,857
Committed for operations	-	92,590	-	-	92,590
Committed for capital projects	-	-	244,444	-	244,444
Unassigned	135,215	-	-	-	135,215
<b>Total fund balance</b>	<b>141,176</b>	<b>97,786</b>	<b>244,554</b>	<b>75,857</b>	<b>559,373</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 309,377</b>	<b>\$ 102,314</b>	<b>\$ 244,554</b>	<b>\$ 559,297</b>	<b>\$ 1,215,542</b>

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

Total fund balance - governmental funds	\$ 559,373
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	864,116
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(8,203,910)
Governmental funds report the effect of premiums, refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities	(849,758)
<b>Net position of governmental activities</b>	<b>\$ (7,630,179)</b>

The accompanying notes are an integral part of this financial statement.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
Property tax	\$ 163,129	\$ -	\$ -	\$ 489,387	\$ 652,516
Specific ownership tax	9,655	-	-	28,966	38,621
Irrigation water fees	-	170,495	-	-	170,495
Other homeowner fees	23,835	375	-	-	24,210
Interest income	2,076	2,346	3,661	4,207	12,290
<b>Total revenues</b>	<u>198,695</u>	<u>173,216</u>	<u>3,661</u>	<u>522,560</u>	<u>898,132</u>
<b>Expenditures:</b>					
Current:					
General government:					
Audit and legal	18,584	-	-	-	18,584
Insurance and agent fees	8,210	-	-	400	8,610
Architectural and setup fees	15,840	-	-	-	15,840
Management	27,840	20,160	-	-	48,000
Office, dues, newsletters and other	2,833	685	-	-	3,518
Election	1,661	-	-	-	1,661
Treasurer fees	2,448	-	-	7,344	9,792
Non-potable water system expenses	-	15,815	-	-	15,815
Utility and utility locates	-	34,877	-	-	34,877
Landscape maintenance contract	66,275	-	-	-	66,275
Landscape replacement and repair	25,461	-	-	-	25,461
Pest control	1,065	-	-	-	1,065
Snow removal	5,205	-	-	-	5,205
Debt Service:					
Interest	-	-	-	359,338	359,338
Principal	-	-	14,917	145,000	159,917
<b>Total expenditures</b>	<u>175,422</u>	<u>71,537</u>	<u>14,917</u>	<u>512,082</u>	<u>773,958</u>
<b>Excess of revenue over (under) expenditures</b>	<u>23,273</u>	<u>101,679</u>	<u>(11,256)</u>	<u>10,478</u>	<u>124,174</u>
<b>Other financing sources (uses):</b>					
Transfers in (out)	32,308	(67,308)	35,000	-	-
<b>Total other financing sources (uses)</b>	<u>32,308</u>	<u>(67,308)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	55,581	34,371	23,744	10,478	124,174
<b>Fund balance, beginning of year</b>	<u>85,595</u>	<u>63,415</u>	<u>220,810</u>	<u>65,379</u>	<u>435,199</u>
<b>Fund balance, end of year</b>	<u>\$ 141,176</u>	<u>\$ 97,786</u>	<u>\$ 244,554</u>	<u>\$ 75,857</u>	<u>\$ 559,373</u>

The accompanying notes are an integral part of this financial statement.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balance of the Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2022**

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	<b>Total Governmental Funds</b>
	<hr/>
<b>Net change in fund balance of the governmental funds</b>	<b>\$ 124,174</b>
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays.	(118,453)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. The amount is the net effect of these differences in the treatment of long-term debt.	159,917
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 the governmental funds.	<u>(52,992)</u>
<b>Change in net position of governmental activities</b>	<b><u><u>\$ 112,646</u></u></b>

The accompanying notes are an integral part of this financial statement.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2022**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final</b>
<b>Revenues:</b>			
Property tax	\$ 163,129	\$ 163,129	\$ -
Specific ownership tax	9,788	9,655	(133)
Customer fees	11,000	23,835	12,835
Interest income	-	2,076	2,076
<b>Total revenues</b>	<u>183,917</u>	<u>198,695</u>	<u>14,778</u>
<b>Expenditures:</b>			
Current:			
General government:			
Audit and legal	25,750	18,584	7,166
Insurance and agent fees	8,571	8,210	361
Architectural and setup fees	11,000	15,840	(4,840)
Management	27,840	27,840	-
Office, dues, newsletters and other	2,605	2,833	(228)
Election	7,500	1,661	5,839
Treasurer fees	2,447	2,448	(1)
Landscape maintenance contract	70,099	66,275	3,824
Landscape replacement and repair	40,000	25,461	14,539
Pest control	3,000	1,065	1,935
Snow removal	6,000	5,205	795
Contingency	5,000	-	5,000
<b>Total expenditures</b>	<u>209,812</u>	<u>175,422</u>	<u>34,390</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(25,895)</u>	<u>23,273</u>	<u>49,168</u>
<b>Other financing sources (uses):</b>			
Transfer in (out)	32,308	32,308	-
<b>Total other financing sources (uses)</b>	<u>32,308</u>	<u>32,308</u>	<u>-</u>
<b>Net change in fund balance</b>	6,413	55,581	49,168
<b>Fund balance, beginning of year</b>	<u>43,331</u>	<u>85,595</u>	<u>42,264</u>
<b>Fund balance, end of year</b>	<u>\$ 49,744</u>	<u>\$ 141,176</u>	<u>\$ 91,432</u>

The accompanying notes are an integral part of this financial statement.



**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
<b>Revenues:</b>			
Irrigation water revenue	\$ 170,495	\$ 170,495	\$ -
Other homeowner fees	-	375	375
Interest income	-	2,346	2,346
<b>Total revenues</b>	<u>170,495</u>	<u>173,216</u>	<u>2,721</u>
<b>Expenditures:</b>			
Current:			
General government:			
Management	20,160	20,160	-
Office, dues, newsletters and other	1,600	685	915
Non-potable water system expenses	32,000	15,815	16,185
Utility and utility locates	43,557	34,877	8,680
Contingency	5,870	-	5,870
<b>Total expenditures</b>	<u>103,187</u>	<u>71,537</u>	<u>31,650</u>
<b>Excess of revenues over (under) expenditures</b>	<u>67,308</u>	<u>101,679</u>	<u>34,371</u>
<b>Other financing sources (uses):</b>			
Transfer in (out)	(67,308)	(67,308)	-
<b>Total other financing sources (uses)</b>	<u>(67,308)</u>	<u>(67,308)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	34,371	34,371
<b>Fund balance, beginning of year</b>	61,482	63,415	1,933
<b>Fund balance, end of year</b>	<u>\$ 61,482</u>	<u>\$ 97,786</u>	<u>\$ 36,304</u>

The accompanying notes are an integral part of this financial statement.

## **NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

The accounting policies of the Winter Farm Metropolitan District No. 2 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

**Reporting Entity**

The District was formed in November 2000, under State of Colorado Statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes) in conjunction with Winter Farm Metropolitan District No. 1 ("District No. 1") and Winter Farm Metropolitan District No. 3 ("District No. 3") collectively referred to as the Districts.

The Districts' service area is located in Weld County in the Town of Windsor, Colorado. The Districts were formed to provide public improvements to be dedicated to the Town of Windsor, Colorado or retained by the Districts for the use and benefit of the residents and visitors of the District. Under the Consolidated Service Plan approved by the Town of Windsor, the District and District No. 3 are considered the Financing Districts which are responsible for providing the funding and tax base needed to support the financing plan for capital improvements. District No. 1 is considered to be the Service District responsible for managing the construction and operation of facilities and improvements.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

**Basis of Presentation**

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property and specific ownership taxes and charges for services.

1. **Summary of Significant Accounting Policies (continued)**

**Basis of Presentation (continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

The fund financial statements provide information about the government's funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period except for irrigation water fees. Irrigation water fees are recognized when the fee is billed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

**General Fund** – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

**Special Revenue Fund** – accounts for financial resources restricted or committed to expenditures to operate and maintain the non-potable water system.

**Capital Projects Fund** – accounts for all financial resources that are restricted, committed or assigned to expenditures for capital projects, including the acquisition or construction of infrastructure cost or other capital assets.

1. **Summary of Significant Accounting Policies (continued)**

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

***Debt Service Fund*** - accounts for collection of certain revenues and payments on debt service or debt issued.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**Deposits and Investments**

Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

**Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value 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 market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. As of December 31, 2022, the District did not hold any investments required to be reported under fair value.

**Receivables**

Accounts receivables consist of homeowner water fees and other miscellaneous fees as of December 31, 2022. The District considers all accounts receivables collectible as of December 31, 2022.

**Property Taxes**

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

1. **Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)**

**Property Taxes (continued)**

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

**Capital Assets**

Capital assets, including non-potable water system and landscape and trails, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more 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 the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the estimated useful life of 20 years.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

In addition to liabilities, the statement of net 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time frame. The District has one item that qualifies for reporting in this category, unavailable revenue – property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)**

**Fund Balance**

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority.

*Assigned fund balance.* This classification reflects the amounts constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2022, the District has not adopted a policy designating District personnel to determine amounts that may be assigned.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Stewardship, Compliance, and Accountability**

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end.



**2. Stewardship, Compliance, and Accountability (continued)**

**TABOR Amendment - Revenue and Spending Limitation Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2022 year-end fund balance in the General Fund, Special Revenue Fund and Capital Projects Fund for emergencies as required under TABOR totaling \$11,267, which is the approximate required reserve for all funds as of December 31, 2022.

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

**3. Detailed Notes on the Funds**

**Deposits and Investments**

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

Cash and investments	\$ 493,870
Cash and investments - restricted	67,963
	<u>\$ 561,833</u>

The following is a summary of deposits and investments held by the District at December 31, 2022:

<u>Type</u>	<u>Ratings per Standard &amp; Poor's</u>	<u>Total as of December 31, 2022</u>
Deposits with financial institutions		\$ 63,854
COLOTRUST PLUS+	AAAm	497,979
Total		<u>\$ 561,833</u>

3. **Detailed Notes on the Funds (continued)**

**Deposits and Investments (continued)**

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at a minimum of 102% of the aggregate uninsured deposits.

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

**Investments**

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

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. There are no unfunded commitments and there is no redemption notice period.

**Custodial Credit Risk:** At December 31, 2022, all of the District's deposits were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

**Interest Rate Risk:** Colorado Revised Statutes (CRS) limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2022**

**3. Detailed Notes on the Funds (continued)**

**Investments (continued)**

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pool

**Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Non-potable water system	\$ 1,852,573	\$ -	\$ -	\$ 1,852,573
Landscape and trails	516,478	-	-	516,478
Total capital assets being depreciated	<u>2,369,051</u>	<u>-</u>	<u>-</u>	<u>2,369,051</u>
Less accumulated depreciation for:				
Non-potable water system	(963,743)	(92,629)	-	(1,056,372)
Landscape and trails	(422,739)	(25,824)	-	(448,563)
Total accumulated depreciation	<u>(1,386,482)</u>	<u>(118,453)</u>	<u>-</u>	<u>(1,504,935)</u>
<b>Capital assets being depreciated, net</b>	<b>\$ <u>982,569</u></b>	<b>\$ <u>(118,453)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>864,116</u></b>

Depreciation expense of \$118,453 was charged to general government.

**Long-Term Obligations**

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds:					
2019 GO Refunding Bonds	\$ 8,320,000	\$ -	\$ 145,000	\$ 8,175,000	\$ 150,000
Premium 2019 GO Refunding Bonds	943,572	-	55,110	888,462	-
Direct Borrowings:					
Developer Advance	14,917	-	14,917	-	-
Governmental activities long-term debt	<u>\$ 9,278,489</u>	<u>\$ -</u>	<u>\$ 215,017</u>	<u>\$ 9,063,462</u>	<u>\$ 150,000</u>

**Authorized Debt**

As of December 31, 2022, the District had total authorized debt of \$45,450,000 of which \$43,838,377 has been issued, leaving an authorized but unissued balance of \$1,611,623 not including \$16,650,000 remaining for refundings.

**3. Detailed Notes on the Funds (continued)**

**Long-Term Obligations (continued)**

**2019 General Obligation Refunding Bonds**

On September 25, 2019, the District issued \$8,590,000 of General Obligation Refunding Bonds ("Series 2019 Bonds") with a premium of \$1,063,899. The Series 2019 Bonds were issued for the purpose of repaying the full amount of the 2015 Note Payable, repaying the full amount of the 2015 Subordinate Note Payable, purchasing the reserve insurance policy, purchasing bond insurance, and paying the costs of issuance. The Series 2019 Bonds bear interest ranging from 3.25% to 5%, payable semiannually on each June 1 and December 1, commencing on December 1, 2019, and maturing on December 1, 2050.

The Series 2019 Bonds maturing on or before December 1, 2029 are not subject to redemption prior to their respective maturity dates. Bonds maturing on and after December 1, 2030 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on September 1, 2030, upon payment of principal and accrued interest. There is no redemption premium. The Series 2019 Bonds maturing after December 1, 2039 are subject to mandatory sinking fund redemption commencing on December 1, 2035.

The Series 2019 Bonds are secured by pledged Property Tax revenue and other monies transferred to or deposited into the bond account pursuant to the bond resolution or reserve policy. In connection with the issuance the District purchased a bond insurance policy and a reserve policy.

Events of default as defined in the Series 2019 Bonds Indenture are 1) the payment of principal of or redemption premium on bonds is not made by the District when due, 2) the payment of any interest on the bonds is not made by the District when due, 3) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indentures or bond resolutions, other than as described in the Indentures, and failure to remedy the same after notice thereof pursuant to the indentures, and 4) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Series 2019 Bonds.

In the event of default of the payment of the scheduled principal or interest on the Series 2019 Bonds when the same become due, the owner of the bonds, will have a claim under the bond insurance policy for such defaulted payments. Remedies available in the event of default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2019 Bonds is not an available remedy for an event of default.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2022**

**3. Detailed Notes on the Funds (continued)**

**Long-Term Obligations (continued)**

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019 Bonds.

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 150,000	\$ 353,537	\$ 503,537
2024	155,000	347,538	502,538
2025	160,000	341,337	501,337
2026	165,000	334,938	499,938
2027	175,000	328,337	503,337
2028-2032	1,000,000	1,511,688	2,511,688
2033-2037	1,275,000	1,235,187	2,510,187
2038-2042	1,630,000	882,938	2,512,938
2043-2047	2,055,000	455,237	2,510,237
2048-2050	1,410,000	92,625	1,502,625
<b>Total</b>	<b>\$ 8,175,000</b>	<b>\$ 5,883,362</b>	<b>\$ 14,058,362</b>

**Advance Refunding of Debt**

The Series 2019 Bonds were issued to provide resources to current refund the 2015 Note Payable. Proceeds of \$8,280,476 (after payment of underwriter and other issuance costs) were deposited with the trustee for redemption of the 2015 Note Payable. Proceeds of \$995,641 were used to pay off the 2015 Subordinated Note Payable. The reacquisition price exceeded the net carrying amount of the old debt by \$370,169. This amount is being amortized over the remaining life of the refunded debt which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce debt service payments in the short-term. The refunding increased the District's total debt service payments and resulted in an economic loss as the purpose of the refunding was to (1) amortize the 2015 Note Payable balloon payment due in 2022; (2) maintain the average homeowner payment; (3) reduce the required debt service mill levy; and (4) pay off the developer note.

**3. Detailed Notes on the Funds (continued)**

**Long-Term Obligations (continued)**

**Developer Advance**

On September 17, 2015, The District and District No. 1 entered into an Infrastructure and Acquisition Agreement and Reimbursement Agreement (“IARA”) with the Developer. The District agreed to reimburse the Developer for approved District Eligible Costs associated with the design and construction of Additional Public Improvements up to \$4,000,000. Under the terms of the IARA, upon completion of and receipt of all required approvals for final payment by the Developer, the Developer shall convey the Additional Public Improvements to District No. 1 or the Town. Under the Operations Agreement, those Additional Public Improvements conveyed to District No. 1 shall be retained and operated by District No. 1 unless the Operating Agreement is terminated by the District. The Operating Agreement was terminated effective September 30, 2019 at which time District No. 1 and the District entered into an Assignment and Assumption Services Agreement and Conveyance and Acceptance of Public Improvements agreement which terminated the operations and administration services which District No. 1 provided to the District. The agreement resulted in the assumption of certain obligations and dedication of district property from District No. 1 to the District. In connection with this agreement, \$53,917 of Developer debt was assumed by the District as of December 31, 2019. This agreement was paid in full during the year.

**Interfund Transfers**

Transfer out:	Transfer in:		
Special Revenue Fund	Capital Projects Fund	\$	35,000
Special Revenue Fund	General Fund		<u>32,308</u>
		\$	<u><u>67,308</u></u>

Transfers are used to move revenues from the special revenue fund to the capital projects fund to fund future capital projects and to the general fund to fund administrative expenses.

**4. Risk Management**

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“the Pool”). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official’s liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2022, the Pool has made no distributions nor required additional contributions from the District.

**5. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position**

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Capital assets of \$2,369,051 less accumulated depreciation of \$1,504,935 or a net book value of \$864,116 are not financial resources and therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The details of this difference are as follows:

2019 general obligation bonds	\$ (8,175,000)
Accrued interest on long-term debt	(28,910)
Net adjustment	<u>\$ (8,203,910)</u>

Governmental funds report the effects of premiums, refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Premium on general obligation bonds	\$ (888,462)
Deferred insurance	38,704
Net adjustment	<u>\$ (849,758)</u>

**Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference is due to current year depreciation expense of \$118,453.

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. The details of this difference is as follows:

Principal payment on developer debt	\$ 14,917
Principal payment on general obligation bonds	145,000
Net adjustment	<u>\$ 159,917</u>

5. **Reconciliation of Government-Wide and Fund Financial Statements (continued)**

**Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)**

Another element of the reconciliation states that “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.” The details of this difference is as follows:

Amortization of premium on general obligation bonds	\$	55,110
Amortization of deferred charge on refunding		(109,718)
Amortization of insurance on refunding general obligation bonds		(1,384)
Net adjustment	\$	<u>(55,992)</u>



## **SUPPLEMENTARY INFORMATION**

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended December 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
<b>Revenues:</b>			
Interest income	\$ -	\$ 3,661	\$ 3,661
<b>Total revenues</b>	<u>-</u>	<u>3,661</u>	<u>3,661</u>
<b>Expenditures:</b>			
Current:			
Irrigation system repairs	54,636	-	54,636
Debt service:			
Principal	-	14,917	(14,917)
Capital outlay:			
Meter equipment	10,000	-	10,000
<b>Total expenditures</b>	<u>64,636</u>	<u>14,917</u>	<u>49,719</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(64,636)</u>	<u>(11,256)</u>	<u>53,380</u>
<b>Other financing sources (uses):</b>			
Transfer in (out)	35,000	35,000	-
<b>Total other financing sources (uses)</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(29,636)</u>	<u>23,744</u>	<u>53,380</u>
<b>Fund balance, beginning of year</b>	<u>247,738</u>	<u>220,810</u>	<u>(26,928)</u>
<b>Fund balance, end of year</b>	<u>\$ 218,102</u>	<u>\$ 244,554</u>	<u>\$ 26,452</u>

The accompanying notes are an integral part of this financial statement.

**WINTER FARM METROPOLITAN DISTRICT NO. 2**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final</b>
<b>Revenues:</b>			
Property tax	\$ 489,387	\$ 489,387	\$ -
Specific ownership tax	29,363	28,966	(397)
Interest income	-	4,207	4,207
<b>Total revenues</b>	<u>518,750</u>	<u>522,560</u>	<u>3,810</u>
<b>Expenditures:</b>			
Current:			
General government:			
Treasurer fees	7,341	7,344	(3)
Agent fees	-	400	(400)
Contingency	2,500	-	2,500
Debt service:			
Interest	359,338	359,338	-
Principal	145,000	145,000	-
<b>Total expenditures</b>	<u>514,179</u>	<u>512,082</u>	<u>2,097</u>
<b>Net change in fund balance</b>	4,571	10,478	5,907
<b>Fund balance, beginning of year</b>	<u>65,505</u>	<u>65,379</u>	<u>(126)</u>
<b>Fund balance, end of year</b>	<u>\$ 70,076</u>	<u>\$ 75,857</u>	<u>\$ 5,781</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT C**  
**Rules and Regulations**

**WINTER FARM METROPOLITAN DISTRICT  
No. 1**

**WATER RULES AND REGULATIONS**

Amended March 2013

WINTER FARM METROPOLITAN DISTRICT NO. 1

WATER - RULES AND REGULATIONS

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ARTICLE I  
GENERAL

1.1 Authority

The Winter Farm Metropolitan District No. 1 (the “District”) is the Service District for the Winter Farm Metropolitan District Nos. 2 and 3 and is a governmental subdivision of the State of Colorado and a body corporate with those powers of a quasi-municipal corporation, that are specifically granted for carrying out the objectives and purposes of the District.

1.2 Purpose

The purpose of this consolidated body of Rules and Regulations is to ensure an orderly and uniform administration of irrigation water operations in the Peakview area of Weld County, Colorado. These Rules and Regulations apply *only* to the Irrigation Water System (as defined herein); not to the potable water system, as that will be managed and controlled by the Town of Windsor.

1.3 Policy

The Winter Farm Metropolitan District No. 1 is a political subdivision and quasi-municipal corporation of the State of Colorado possessing all of the powers of a special district under Colorado law, whether specifically granted, reasonably implied, or necessary or incidental to those powers specifically granted for carrying out the objectives and purposes of the District. The authority of the District to adopt by-laws, rates, rules and regulation is expressly conferred by Colorado statute. The Board of Directors of the District expressly finds and determines that the adoption of the following rates, rules, and regulations is necessary for the health, safety, prosperity, security, and general welfare of the inhabitants of the District and those within the District’s service area and will insure an orderly and uniform administration of the District affairs.

The Board of Directors of the District hereby declares that the Rules and Regulations hereinafter set forth will serve a public use and are necessary to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the District.

#### 1.4 Scope

These Rules and Regulations shall be treated and considered as comprehensive regulations governing the operations and functions of the District.

#### 1.5 Intent of Rules and Regulations

It is intended that these Rules and Regulations shall be liberally construed to affect the general purposes set forth herein, and that each and every part thereof is separate and distinct from all other parts. No omission or additional material set forth in these Rules and Regulations shall be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility, or limitation or restriction, imposed or conferred upon the Board of Directors by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the District and any other governmental entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the District to secure the full benefit and protection of any law which is now enacted or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the District. Any ambiguity, conflict, omission or question of interpretation of these rules and regulations shall be determined in the sole discretion of the District's Board of Directors.

#### 1.6 Amendment

It is specifically acknowledged that the District shall retain the power to amend these Rules and Regulations, with respect to the District, to reflect those changes determined to be necessary by the Board of Directors of the District. Prior notice of these amendments shall not be required to be provided by the District exercising their amendment powers pursuant to this Section. These rules and regulations may be altered, amended or added to from time to time and such alterations, additions or amendments shall be binding and of full force and effect as of the date of their adoption by the District's Board of Directors.

#### 1.7 Miscellaneous.

1.7.1 Usage and Titles. All words and phrases shall be construed and understood according to the common and approved usage of the language, but technical words and phrases and such others as may have acquired a particular and appropriate meaning in the law shall be construed and understood according to such particular and appropriate meaning. The title of any heading in these rules and regulations

shall not be deemed in any way to restrict, qualify, or limit the effect of the provisions set forth in the section or subsection set forth under each heading.

1.7.2 Severability. Should any section, subsection, sentence, clause or phrase of these rules and regulations be judicially determined invalid or unenforceable, such judgment shall not effect, impair, or invalidate the remaining provisions of these Rules and Regulations, the intention being that the various sections and provisions hereof are severable.

1.7.3 Prior Offenses. Nothing in these rules and regulations shall affect any offense or act committed or done, or any obligation, penalty or forfeiture incurred by any person or under any contract or right established or occurring before the effective date of these Rules and Regulations.

1.7.4 No Damage for Failure to Enforce. Nothing herein contained shall create any right to damages against the District, their directors, officers, agents or employees for the District's failure to enforce any or all of these rules and regulations.

1.7.5 Availability of Service. Water service shall be available only in accordance with these Rules and Regulations and on the basis of the charges established therefore and subject to all penalties and charges for violation thereof, or any statutes applicable and subject to the availability of facilities and capacity.

1.7.6 Control and Operation of Facilities. All water Facilities and property of the District shall be under the management of the District Manager and the control of the Board of Directors. No other person shall have any right to enter upon, inspect, operate, adjust, change, alter, move, or relocate any portion of the District's Facilities without the District's prior written consent.

1.7.7 Inspections. All inspections, observations, testing and reviews performed by the District whether of private premises to insure compliance with these Rules and Regulations or of the District's property and facilities, are performed for the sole and exclusive benefit of the District. No liability shall attach to the District by reason of any such inspections, observations, testing or reviews or by reason of any denial or issuance of any approval or permit for any work subject to the authority or jurisdiction of the District.

1.7.8 Ownership. The District exercises all rights and responsibilities attendant to the full ownership of the District's water Facilities and, in the future, shall accept

ownership responsibilities only for additional facilities which have been formally conveyed to and accepted by the District.

ARTICLE II  
DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of the terms used herein shall be as follows:

2.1 Applicant

“Applicant” means any person who applies to the Service District (as defined herein) for a service connection or service disconnection, main line extension or other such service agreement, or who attempts to have real property included within, or excluded from the Districts, as the case may be.

2.2 Board

“Board” and “Board of Directors” means the Board of Directors of the District or Service District.

2.3 Constructor

“Constructor” means the landowner, developer, subdivider or agency actually paying for the construction of the lines.

2.4 Contractor

“Contractor” means any person, firm or corporation authorized by the District to perform work and to furnish materials within the District.

2.5 Customer

“Customer” means any entity authorized to connect to and use the District’s Irrigation Water System under a permit issued by the Service District.

2.6 District

“District” or “Service District” means the Winter Farm Metropolitan District No. 1.

2.7 District Engineer

“District Engineer” means that person or firm that has been authorized by the District to perform engineering services for the District.

2.8 Dwelling Unit

“Dwelling Unit” means one or more habitable rooms arranged, occupied, or intended or designed to be occupied by not more than one family with facilities for living, cooking, sleeping and eating.

2.9 Equivalent Dwelling Unit

“Equivalent Dwelling Unit” or “Single Family Equivalent Dwelling Unit” means a use which is estimated to have an impact upon the Irrigation Water System equal to that of the average usage of a Dwelling Unit.

2.10 Gender

The use of any gender shall be applicable to all genders.

2.11 Inspector

“Inspector” means that person who, under the direction of the Manager, shall inspect all water connections, excavations, installations of and repairs to the Irrigation Water System and facilities of the District to ensure compliance with the Rules and Regulations.

2.12 Manager

“Manager” of the District means the person or entity retained by the Board to administer and supervise the affairs of the District and its employees.

2.13 Permit

“Permit” means the written permission to connect to or enlarge the use for the Irrigation Water System of the District pursuant to the Rules and Regulations of the District.

2.14 Person

“Person” means any entity of any nature, whether public or private.

2.15 Rules and Regulations

“Rules and Regulations” means the Rules and Regulations of the District, including all amendments and policies as set forth in the District minutes and resolutions.

2.16 Service District

“Service District” means the Winter Farm Metropolitan District No. 1, which District shall be responsible for the installation, operation, and maintenance of the Irrigation Water System in all of the Winter Farm Metropolitan Districts No. 1-3 (the “Districts”).

2.17 Service Line

“Service Line” means any privately owned and maintained pipe, line or conduit used or to be used to provide irrigation water service from water main, whether the pipe, line or conduit is connected or not.

2.18 Shall or May

Whenever “shall” is used herein, it shall be construed as a mandatory direction.

Whenever “may” is used herein, it shall be construed as a permissible, but not mandatory direction.

2.19 Singular and Plural

As pertains to these Rules and Regulations, the singular includes the plural and the plural the singular where ever applicable.

2.20 Stub-out

“Stub-out” shall mean any connection to a main line which extends from the main line and which is intended to facilitate service line connection to the Irrigation Water System, either directly to the main line or indirectly through a private main. A stub-out may extend to, but not through, the foundation, or exterior walls, or



floor of any structure intended to be served. Any extension through the foundation or exterior wall shall be considered a tap, whether connected or not.

2.21 Tap or Connection

“Tap” or “Connection” means the connecting of the service line to the Irrigation Water System, either directly to a main line, or stub-out from the main line, or indirectly through a private main line, which service line extends beyond the easement line or property line into the structure intended to be served, whether or not actually connected to the structure’s Irrigation Water System.

2.22 Tap Fee

“Tap Fee” means the payment to the District of a fee for the privilege of connecting a particular use to the Irrigation Water System.

2.23 Water Main and/or Main Line

“Water Main and/or Main Line” means any pipe, piping, or system of piping used as a conduit for water in the District’s Irrigation Water System and owned by the District.

2.24 Irrigation Water System

“Irrigation Water System” means any water main line, appurtenances, accessories or portion thereof owned and maintained by the District in connection with the management and control of irrigation water within the Districts’ boundaries.

2.25 Any Other Term

Any other term not herein defined shall be defined as presented in the “Glossary - Water and Sewage Control Engineering”, A.P.H.A., A.W.W.A., A.S.C.E. and F.W.S.A., latest editions.

2.26 Districts

“Districts” mean the Winter Farm Metropolitan Districts Nos. 1 – 3 and represents the service area to be provided irrigation water by the Service District.

ARTICLE III  
OWNERSHIP AND OPERATION OF FACILITIES

3.1 Responsibilities of Service District

Except as otherwise provided by these Rules and Regulations, the Service District is responsible for the operation and maintenance of the Irrigation Water System, which operation and maintenance shall be carried out in a sound and economical manner, in accordance with these Rules and Regulations. It shall not be liable or responsible for inadequate service or interruption of service brought about by circumstances beyond its control.

3.2 Liability of District

It is expressly stipulated that no claim for damage shall be made against the District by reason of the following: Breakage of main lines; interruption of water service and the conditions resulting therefrom; breaking of any service line, pipe, cock, or meter; failure of the water supply; shutting off or turning on water; making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service lines or other facilities not owned by the District; damage to sprinkler systems, appliances, or other apparatuses, devices or equipment used for irrigation of property, resulting from shutting water off, or for turning it on, or from inadequate, excessive or sporadic pressures; or for doing anything to the system of the District deemed necessary by the Board of Directors or their agents.

3.3 Rights and Authority

The District shall have no responsibility for notification to customers of any of the foregoing conditions. All irrigation water users within the Districts shall be obligated to connect to District's Irrigation Water System. The District reserve the right to discontinue, temporarily, service to any property, at any time, for any reason deemed necessary or appropriate.

The District shall have the right to revoke service to any property for violations of these Rules and Regulations in accordance with the procedures set forth in these Rules and Regulations.

### 3.4 Ownership of Facilities

All existing and future main lines and treatment works connected with and forming an integral part of the Irrigation Water System shall become and are the property of the District, unless any contract with owner or customer provides otherwise. Said ownership will remain valid whether the main lines and treatment works are constructed, financed, paid for, or otherwise acquired by the District, or by other persons.

3.4.1 Ownership of Irrigation Water Facilities. For irrigation water, the District owns and is responsible for the maintenance of the water service line, up to and including the curb stop valve or the customer's property line, whichever is closer to the water main. The customer is responsible for the maintenance of the remaining portion of the service line serving his property.

3.4.2. Ownership of Irrigation Water Meters. Notwithstanding the above, all irrigation water meters and shut-off valves shall become and are the property of the District. Said ownership shall remain valid whether the meters and/or shut-off valves are installed, financed, paid for, repaired or maintained by another person or whether the meters and/or shut-off valves are located on a privately owned and maintained service line.

### 3.5 Inspection Powers and Authority of Service District Agents

Authorized employees or agents of the Service District, bearing proper credentials and identification, shall be permitted to enter upon all properties at all reasonable times for the purpose of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of these Rules and Regulations. Failure to permit such inspections, observations, measurements, samplings and/or testings upon the request, in writing, of the Manager may result in a finding that permission is being denied to avoid discovery of a violation which may result in the disconnection of service to the property of the party failing to permit such activity.

### 3.6 Modification, Waiver and Suspension of Rules

The Board or the Manager, acting on instructions of the Board, shall have the sole authority to waive, suspend, or modify these Rules and Regulations, and any such waiver, suspension or modification must be in writing, signed by the Board or the Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver will be deemed a continuing waiver.

ARTICLE IV  
USE OF IRRIGATION WATER SYSTEMS

4.1 Unauthorized Tampering with Systems

4.1.1 Unauthorized Use. No unauthorized person shall uncover, use, alter, disturb, or make any connection with, or opening onto, use, alter, or disturb the Irrigation Water System without first obtaining a written permit from the Service District. Unauthorized uses of or tampering with the District's Irrigation Water System include, but are not limited to, change in customer's equipment, service or use of property, as defined in Section 5.7, an unauthorized turn-on or turn-off of irrigation water service, burying valve boxes, and modifying any irrigation water meter.

4.1.2 Malicious Damage to System. No person shall maliciously, willfully, or negligently, break, damage, destroy, cover, uncover, deface or tamper with any portion of the District's Irrigation Water System.

4.1.3 Violators Prosecuted. Any person who shall violate the provisions of this Section 4.1 shall be prosecuted to the full extent of Colorado law.

4.1.4 Violators Fined. Any person violating any of the provisions of these Rules and Regulations shall become liable to the District for payment of a \$1,000.00 fine, plus any expense, loss or damage occasioned by reason of such violation. Such costs shall constitute a perpetual lien upon the violator's property, as allowed by Section 32-1-1001, C.R.S., *as amended*, or a perpetual lien upon the property concerning which the violator was receiving services at the time of the violation in question, whichever the Manager deems appropriate. See Section 5.8 regarding unauthorized connections.

4.2 Use of Irrigation Water System

4.2.1 Notice of Changes and Repairs of Leaks. The customer shall notify the Service District prior to any expansion or addition to the service or use of the property served by the District's Irrigation Water System upon any change of ownership of said property. Each customer shall be responsible for all costs associated with the construction and maintenance of the length of the service line to the curb stop or property line, whichever is closer to the main. Service lines shall be constructed in accordance with these Rules and Regulations.

Leaks or breaks in the service line shall be repaired by the customer within seventy-two (72) hours of obtaining knowledge of a leak or from the time of notification of such condition by the Service District. If satisfactory progress toward repairing said leak has not been completed within the same time period, the Manager shall shut off the service until the leaks or breaks have been repaired; in addition, the Service District shall have the right to effect the repair, and the costs therefore shall constitute a lien on and against the property of such customer, security payment of such cost, as provided for by Section 32-1-1001, C.R.S.

4.2.2 Cross Connection Control. Each customer is responsible for complying with the Colorado Department of Health's Cross Connection Control Manual with the additional requirement that all fire protection systems must utilize a "reduced pressure principle" type back-flow preventor valve.

4.2.3 Stop and Waste Type Valve. No stop and waste type valve is permitted in conjunction with a customer's service line. It is the responsibility of the customer to bury the service line with sufficient cover to prevent it from freezing.

4.2.4 Safety Devices. Each person having sprinkler systems, appliances, apparatuses, and/or other devices on his premises for irrigation, depending on pressure or water in pipes, or on a continual supply of water, shall provide, at his own expense, suitable safety devices to protect himself and his property against a stoppage of water supply or loss of pressure. The District expressly disclaims any liability or responsibility for any damage resulting from a customer's failure to provide such appropriate protection.

4.2.5 Irrigation Water Meters Required. At such time that it becomes cost effective, the District shall charge for water usage pursuant to irrigation water meters installed to serve each unit. No connection shall be made to the District's Irrigation Water System without an irrigation water meter having been installed to serve the subject unit. All irrigation water meters shall have devices for remote reading. The type of irrigation water meter and location of the meter shall be subject to the approval of the Service District. The Service District shall be empowered to install the initial meter and shall have the right to test, remove, repair or replace any and all irrigation water meters. It shall be the duty of each customer to notify the Service District office if his irrigation water meter is operating defectively. If any meter is suspected to be defective, the Service District shall diligently pursue repair or replacement of said meter at the District's expense unless the defect is a result of frost or faulty installation by the owner. In this case the cost for repair or replacement shall be added to the customer's service charge bill. The irrigation water meters referred to in this Section and throughout

these Rules and Regulations are separate from the water meters measuring the use of potable water from the Town of Windsor.

During the interim period prior to repair and until such time as the District utilizes meters to charge for irrigation water usage, the following policy shall be enforced: The customer shall be given notice, by first-class mail, that the Service District suspects that the irrigation water meter is defective. The customer shall be given thirty (30) days in which to respond, which response shall include scheduling with the Service District an appointment for a meter inspection and replacement. If the customer fails to respond, the customer will be placed on the unmetered rate, effective with the following billing cycle.

The customer shall be given a second notice, by first-class mail, that the Service District suspects that the irrigation water meter is defective. The customer shall be given thirty (30) days in which to respond, to the second notice, which response shall include scheduling an appointment for a meter inspection and replacement. If the customer fails to respond to the second notice, the Service District may disconnect the water service and charge the customer the base irrigation water rate while the service is disconnected.

4.2.6 Required Use of Irrigation Water System. It is unlawful to irrigate land other than with the District's irrigation water unless approved by the Service District.

4.2.7 Sumps and Water Wells Prohibited. After the effective date of these Rules and Regulations the construction of any water well or sump within the District is prohibited, unless excepted in writing by the Service District.

4.2.8 Pressure Reducing Valve ("PRV"). A PRV may be installed in service lines immediately before the irrigation water meter, ensuring that the irrigation water meter and any sprinkler or other type of irrigation system are protected from fluctuating water main delivery pressures. The pressure setting of the PRV shall not exceed 150 PSI without written permission from the Service District.

#### 4.3 Inactive Service.

4.3.1. Definition. Inactive Service means that the water service line for the Licensed Premises is connected to a Water Main but the water service meter is not set and the water service line is not used to deliver water to the Licensed Premises. Inactive Service occurs where the service line is constructed initially only to the valve at the property line for the purpose of installing the service line prior to the

paving of the street or where a regular residential or commercial tap is converted to inactive status commencing twelve (12) months after the date the application for such status is approved by the District.

4.3.2 Availability. Available to applicants within the boundaries of the Districts or any contracting entity.

4.3.3 Inactive Charges. The monthly charge for Inactive Water Service shall be \$15.00 per tap and shall commence twelve (12) months after the date the application for Inactive Service is granted and shall continue until such time as water service is activated or the inactive water tap is invalidated.

## ARTICLE V APPLICATION FOR SERVICE

### 5.1 Inclusions

Service will be furnished, subject to the District's Rules and Regulations, to property included within one of the Districts. It shall be incumbent upon the applicant to furnish satisfactory evidence of inclusion whenever such evidence is requested by the District. Satisfactory evidence shall consist of tax receipt, or certification in lieu thereof, received from and signed by the County Treasurer. A person owning land within and without the boundaries of one of the Districts who desires service to land currently located without the boundaries of the District must include all of his land to be serviced by the District's Irrigation Water System into the boundaries of the applicable district. A formal request for inclusion within one of the Districts shall be made to such district, on its standard form, by the applicant, accompanied by a non-refundable payment of One Thousand Dollars (\$1,000.00) for legal fees and the estimated costs of publication. Any additional costs or legal fees which may occur shall be assessed and paid prior to approval of inclusion by the board of directors for the applicable district. Until paid, such costs and fees shall be a lien upon the property in question.

### 5.2 Service Outside the Districts

No service shall ever be provided to property outside of the Districts, except upon the express written consent of the District. Charges for furnishing service outside of the Districts shall be at the discretion of the Board of Directors, but no service shall be furnished to property outside of the Districts unless the charge therefore equals at least the cost of service, plus the estimated mill levy and tap fees for which such property would be responsible if it were a part of the Districts. In

every case where the District furnishes service to property outside the Districts, the District reserves the right to discontinue the service when, in the judgment of the Board of Directors, it is in the best interest of the District to do so.

### 5.3 Application for Service

Application for service must be filed with the Service District on forms provided by the Service District and accompanied by appropriate fees prior to any action to connect to the Irrigation Water System. Only upon authorized approval of the application and a receipt therefore may a connection to the Irrigation Water System be made. The location of the irrigation water meter and the remote reading device shall be indicated on all applications for service.

5.3.1 Sprinkler System. If a water sprinkler system for lawn irrigation is to be used, it must be metered and meet the requirements of all applicable Town, County and State codes.

5.3.2 Winter Taps. Taps may be made by appointment, during the winter months, at the Service District's sole discretion, provided that the tap location is heated.

5.3.3 Additional Tap Information Required. All information requested on the tap application form must be completed. In addition, the water meter location and arrangement, and a diagram of the curb stop valve box location must be included. A site plan or improvement plan shall accompany the tap permit application showing the location of the area to be irrigated relative to property lines.

5.3.4 Reassessment of Tap Fees. Should any information disclosed on the application prove at any time to be false, or should the applicant omit any information, the Service District shall have the right to reassess the tap fee originally charged at the rate current to the discovery by the Service District of the false or omitted information, and/or disconnect the service in question, and/or back-charge the property in question for service fees that may be due and owing, and/or charge any other or additional fee or penalty specified in these Rules and Regulations. Any reassessment shall be due and payable, together with any penalties or other additional fees charged, and together with interest at the maximum legal rate on the entire balance, upon and from the date of the original application.



#### 5.4 Denial of Application

The Service District reserves the exclusive right to deny application for service when, in the opinion of the Service District Board, the service applied for would create an excessive seasonal, or other, demand on the facilities. Denial may also be based upon an unresolved obligation between any of the Districts and the applicant, inadequate documentation of easements for main lines serving the property, or any other reason as determined by the Board of Directors or Manager.

#### 5.5 Cancellation of Application

The Service District reserves the right to revoke any prior approval of an application before service has been provided, and thereafter for any violation of these Rules and Regulations.

#### 5.6 Moved or Destroyed Buildings

When a building is moved or destroyed, the original tap authorization shall remain, provided that a written request is made to, and approved by, the Board of Directors or Manager prior to cessation of payment of service charges.

5.6.1 Abandoned Service Line. When a service line is abandoned permanently, the property owner or customer shall valve the water supply off at the main line (corporation stop valve).

#### 5.7 Change in Customer's Equipment, Service or Use of Property

No expansion of or addition to the customer's service or use of property served shall be made without the prior notification of and approval by the Service District. Any such change which, in the opinion of the Service District, will increase the burden placed on the District's Irrigation Water System by the customer shall require a redetermination of the tap fee and monthly service charge, and a payment by the customer of any additional tap fee and monthly service charge resulting from the redetermination. Subject to Section 5.6, above, tap fees previously paid with respect to the property in question shall be credited against the redetermined tap fee so that only the unpaid portion of any redetermined tap fee shall be due; provided, however, that redeterminations resulting in a conclusion that the tap fee, if assessed currently, would be in an amount less than that originally paid shall not result in a refund to the customer; and provided further that when an expansion or

change in use occurs which results in additional fees due, a credit for the existing use right shall be given.

5.7.1 Unauthorized Connection Fee. Any violation of this Section shall result in the assessment of an unauthorized connection fee, as provided by Section 5.8 of these Rules and Regulations, and the Service District shall take those steps authorized by these Rules and Regulations and Colorado law regarding the collection of said fees. (Also, see Section 4.1 Unauthorized Tampering with Systems.)

5.7.2 Inspection Required. Any customer believed to have changed equipment, service, or use of his property, in violation of this Section, shall be notified of such belief by the Service District, and shall be afforded twenty (20) days from the date upon which the notice is mailed in which to respond to the Service District's notice. Any response by the customer must include permission to make such inspection of the property in question as the Board of Directors or Manager or his representatives deem necessary to establish clearly the nature of equipment, service and use of the property in question. Failure to respond may result in the Service District discontinuing service to the property.

5.7.3 Redetermination of Tap Fees. Inspection shall be made of the property in question. Following inspection, the Manager shall make a determination as to the change in the customer's equipment, service or use of the property in question, and shall redetermine any additional tap fees and service charges due. In the event the decision of the Board of Directors or Manager is deemed unsatisfactory to the customer, the customer may present a complaint in accordance with the Hearing and Appeal Procedures, Article IX, of these Rules and Regulations.

## 5.8 Unauthorized Connections and Fees

No person shall be allowed to connect onto the Irrigation Water System or to enlarge or otherwise change equipment, service or use of property without prior payment of tap fees, approval of application for service, and adequate supervision and inspection of the tap by the Service District employees or agents. Any such connection, enlargement, or change without payment, approval, supervision and inspection shall be deemed an unauthorized connection. Upon the discovery of any unauthorized connections, the then-current tap fee shall become immediately due and payable, and the property shall automatically be assessed an additional unauthorized connection fee equal to the then current tap fee per equivalent dwelling unit, as liquidated damages toward the District's costs associated with such unauthorized connections.

The Service District shall send written notice to the owner of the property benefited by such connections stating that an unauthorized connection has been made between the subject property and the District's facilities. The owner shall then have twenty (20) days from the date the notice is mailed to pay the then-current tap fee or proceed in accordance with the provisions of Section 5.7.2 of these Rules and Regulations.

#### 5.9 Revocation of Service

Service shall be revocable by the Service District upon non-payment of any valid fees or charges owing to the Service District. In the event of non-payment, the customer shall be given not less than twenty (20) days advance notice in writing of the revocation, which notice shall set forth:

1. The reason for the revocation;
2. That the customer has the right to contact the Service District, and the manner in which the Service District may be contacted for the purpose of resolving the obligations; and
3. That there exists an opportunity for a hearing in accordance with Article IX of these Rules and Regulations.

If payment of the outstanding obligation or a request for a hearing is not received by the Service District within twenty (20) days of the date of mailing of the revocation notice, the Manager shall disconnect the service and the customer shall be assessed the cost of the disconnection. While the service is disconnected, the customer shall continue to be assessed the base service charges for irrigation water.

#### 5.10 Revocation of Tap Rights

The right to connect the District's Irrigation Water System and receive services under Section 5.3, above, shall be revocable by the District upon non-payment of any District's fees owing to the District and remaining unpaid for a period of thirty (30) days, and whether or not the customer owning the right to connect has actually connected to the District's Irrigation Water System. Such revocations shall be conducted in accordance with Section 5.9, above. If the right to connect to the District's Irrigation Water System is revoked, the customer may reacquire such tap rights only by reapplying for service in accordance with Section 5.3,

above, and after paying all fees due and owing the District and the then-current tap fees charged by the Service District under these Rules and Regulations.

#### 5.11 Turn-ons/Turn-offs of Service

All turn-ons and turn-offs of irrigation water service through a shut-off valve on a service line that has been connected to the District's Irrigation Water System pursuant to a written permit issued by the Service District shall be performed only by Service District personnel regardless of the ownership of the shut-off valve or service line and regardless of the circumstances respecting the turn-on or turn-off. The Service District shall assess a single turn-off/turn-on charge in the amount of \$50.00 for any such turn-off and turn-on performed except when initial service is provided and when the service is performed for customers requiring maintenance to their service lines, in which case there shall be no charge. The Service District will provide this service only for a tap for new construction, one time prior to the occupancy of the building located on the property served.

All other requests for a turn-off or turn-on of the District's service may be granted or denied by the Board of Directors or Manager in the Board's or Manager's sole discretion. In new construction, at the time the irrigation water meter is set, service charges begin unless the Service District is requested to perform the turn-off. In this event the customer will be charged \$50.00 when service is turned on.

### ARTICLE VI CONSTRUCTION OF SERVICE LINES

#### 6.1 Compliance with Rules and Regulations

The requirements of these Rules and Regulations, and the Appendices attached hereto, are applicable to the construction of all service lines.

#### 6.2 Inspection and Tapping Charges

All taps shall be made by the Service District or its authorized representative and all service lines shall be inspected by a representative of the Service District. All irrigation water service lines are to be tested under normal operating pressure. Constructors of service lines shall call the Service District to schedule an open ditch inspection of all service lines. If said inspection is not made within twenty-four (24) hours of the call, excluding weekends and holidays, construction may proceed. There shall be a charge for all inspections as determined from time to time by the Service District Board. Further information regarding inspections and

the charges for inspections may be obtained from the Board of Directors or at the Manager's office.

### 6.3 Separate Service Lines Required

A separate and independent service line shall be provided for every lot, and shall be installed at the expense of the property owner. There shall be one irrigation water meter installed for each separate lot served. A curb stop shall be located at the property line on all service lines. Each half of a duplex shall have a curb stop at the property line and shall have a separate irrigation water meter and service line. The Board of Directors or Manager, in the exercise of his sole discretion, may provide an exemption from the above requirements for outdoor common space areas that are part of a condominium or other multi-family dwelling association. In such a case, the Service District shall bill the association for service charges assessed by the Service District for irrigation water usage in the association. In all cases where individual units are not separately metered, billing shall be to one entity for service to all units serviced through the same meter or service line, and payment for less than all units shall be considered non-payment, allowing the Service District to terminate service.

### 6.4 Construction and Connection

The contractor shall notify the Service District when the service line is ready for inspection and connection to the District's main. One working day notice is required. The connection shall be made to the main by Service District personnel. All contractors, plumbers, and others doing work on any main, service lines, or structures in the Districts shall comply with County, State, or local regulations on excavation, backfill, compaction, and restoration of surface. All permits, fees, and licenses shall be paid for by the contractor, plumber, or others doing work in the Districts, prior to the start of construction.

All excavations for service installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public or private property disturbed in the course of the work shall be restored in a manner satisfactory to the District. All daily inspection fees on construction required by any governmental agency, including the District, shall be paid by the plumber, contractor, or others doing work for the District.

ARTICLE VII  
MAIN LINE EXTENSIONS

7.1 Compliance with Rules and Regulations

Main line extensions shall comply with the requirements of these Rules and Regulations and District's standard specifications for service line construction.

7.2 Main Line Extensions by the Service District

The Service District has the right to construct all main lines within the Districts. Developers who desire to construct such main lines prior to the date planned by the Service District for their construction may do so as provided in Section 7.4 herein.

7.3 Procedure for Main Line Extension by the Service District

The Service District may construct any main line if the Board deems it in the best interest of the District to do so. All main line extensions which are so authorized shall be bid, as provided by State law, and contracted for by the Service District Board, with the constructor installing the main lines being responsible to the Service District Board. The Service District, through its engineer, shall supervise construction activity and coordinate all matters pertaining to the completion of the subject project, including periodic and final payments to the constructor, inspection, and as-built drawings.

7.3.1 Performance Bonds and One Year Warranty. Pursuant to Section 38-26-105 and 38-26-106, C.R.S., performance and payment bonds equal to the contract price at a minimum shall be furnished to the Service District by the constructor on all construction contracted by the Service District. All main lines constructed shall be accepted by the Service District upon completion of construction, subject to a one (1) year warranty period during which the constructor shall promptly, without cost to the District, correct any defective work. All daily inspection fees required by any governmental authority, including the District, shall be paid by the constructor.

Constructors who have completed construction of main line extensions shall, before the main lines are accepted by the Service District, deed the main lines and all appurtenances to the District free and clear of all liens and encumbrances, and furnish to the Service District a surety bond or other acceptable collateral which shall cover all maintenance for one (1) year from the date of acceptance of the main lines by the District. Prior to the acceptance of the main lines by the District,

the Constructor shall provide to the Service District reproducible as-built drawings including stub-out locations, coordinates of manholes, rim and invert elevations, and easements.

#### 7.4 Procedure for Main Line Extension by Developers

The Service District has no obligation to extend any main line. In the discretion of the Board of Directors or Manager, the Service District may permit an applicant to construct, at the sole expense of the applicant, main lines prior to their construction by the Service District. The applicant shall enter into a written main line extension agreement with the Service District prior to proceeding with any extension.

7.4.1 Application for Approval. All applicants desiring to construct a main line within the District shall first make formal application to the Board of Directors or Manager for approval. This application shall be in writing, and shall contain a legal description of the property to be served by the main line and plans for such extension, and any other information required by the Service District in its discretion. The staff shall then submit the recommended plans, with appropriate documentation, to the Board of Directors or Manager for final approval. Said plans shall be reviewed for compliance with the District's specifications, and with other specifications and requirements appropriate to the situation. The cost of such study for compliance shall be borne by the applicant.

7.4.2 Deposits with the Service District. Prior to the execution of the main line extension agreement with the Service District, applicant shall deposit with the Service District an amount sufficient to compensate the District for engineering fees, legal fees, and other costs, except direct construction costs, anticipated to be incurred by the District as a result of the application and the construction of the main line.

7.4.3 Performance and Payment Bonds. All contracts entered into by applicant for construction of any part of a main line shall be assignable to the Service District. All such contracts that an applicant proposes to assign to the Service District shall include performance and payment bonds to be issued by the contractor to the Service District pursuant to Sections 38-26-105 and 38-26-106, C.R.S. Said bonds shall be at a minimum equal to the contract price for the construction contracted for by the applicant. All main lines shall be constructed according to applicable District, County, and State specifications. All main line extensions within the Districts shall be made under the supervision of the Service District staff at the applicant's expense. Similarly, all daily inspection fees on mains required by any governmental agency, including the District, shall be paid

by applicant. Such costs may be subject to cost recovery if so designated in the cost recovery contract.

7.4.4 Special Structures Designed by Service District Engineer. Special structures such as pumping stations, pressure reducing valves, meter vaults, etc., required to ensure proper operation of the extensions, shall be constructed from designs of the Service District engineer or such other engineers as may be approved by the Service District Board.

7.4.5 Oversizing of Main Lines. The applicant shall be responsible for oversizing main line extensions as required by the Service District, at the District's expense, subject to future cost recovery by the District from future extenders. Specifically, a future extender may be required to reimburse the District the cost of oversizing, including reasonable interest, upon connecting a further extension.

7.4.6 Documentation Required. Applicants who have completed construction of main lines shall, before the main lines are accepted by the District, deed the main lines and appurtenances to the District, free and clear of all liens and encumbrances, and furnish to the Service District bonds which shall cover all maintenance for one (1) year from the date of acceptance of the main lines by the District. Prior to the acceptance of the main lines by the District, the applicant shall provide the Service District with:

1. All easements necessary accompanying the main lines;
2. Four (4) mylar as-built drawings; and
3. A statement of the certified costs of the main lines.

7.4.7 Contract Required. No reimbursement or recovery of costs shall be permitted for main line extensions, except as provided by fully executed contracts with the District. The District shall, in its sole discretion, determine when reimbursement may be made for main line extensions.

## 7.5 Main Line Sizes

The size of the main line required to serve any area served by the District's Irrigation Water System shall be determined by the Service District.

## 7.6 Locations of Main Line Extensions

Main lines shall be installed in roads or street rights-of-way, as well as in easements granted to the District. Where required, facilities must cross land not



being subdivided, or where such land is under the applicant's control for the granting of public rights-of-way, each applicant who desires service will, in consultation with, and with the approval of the Service District, plat and grant to the District appropriate rights-of-way and easements in which will be constructed such facilities.

The Service District shall maintain sole discretion over the location of any main line extensions, including control over any parallel lines.

## ARTICLE VIII RATES AND CHARGES

### 8.1 General

The information contained in this Article is pertinent to all charges of whatever nature to be levied for the provision of irrigation water service. Said rates and charges as herein established are in existence and effect at this time except as otherwise indicated, and shall remain in effect until modified by the Board under the provisions of these Rules and Regulations, and under the applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from modifying rates and charges, or from modifying any classification.

### 8.2 Application of this Article

The rates, charges, and other information shown herein shall apply only to customers inside the Districts, and shall in no way obligate the District with respect to services provided outside the boundaries of the Districts.

### 8.3 Classification of Customers

For the purpose of levying fair, reasonable, uniform, and equitable charges, the following classifications and related definitions are provided:

8.3.1 Single-Family Residential Unit. Includes single-family unit; a patio home is included under the definition of single-family residential unit.

8.3.2 Multi-Family Unit. Includes duplex and clustered units, such as multi-family apartments, condominiums and townhomes.

8.3.3 Hotel, Lodge, Motel, Accommodation Unit. Includes accommodation rooms or suites of rooms or apartments designed for short-term commercial rental.

All other auxiliary uses, i.e., restaurants, bars, athletic facilities, public restrooms, are included under Section 8.3.4.

8.3.4 Commercial, Industrial Service. All non-residential uses which are not included under Sections 8.3.1, 8.3.2 or 8.3.3.

#### 8.4 Tap Fee

A tap fee shall be charged to all irrigation water service customers of the District. Such fee is the applicant's proportionate share of the Irrigation Water System cost in relation to the applicant's use and may be used by the District for purposes of paying all or any part of the costs associated with the District's operation and maintenance expenses, including, without limitation, the District's ground maintenance services, such services to include, but not be limited to, the irrigation and landscaping of the Districts' open spaces, and any other budgeted general fund expenditures of the District. It shall be assessed and paid upon the date of the initial transfer of title of any property from Winter Farm – Windsor, LLC, to any purchaser in which a Single Family Residential Unit or Multi-Family Unit shall be constructed on such property. Tap fees shall be assessed as provided for in the schedule of fees and charges attached hereto as Appendix B; provided, however, that:

8.4.1 Prepaid Tap Fees. Tap fees may be prepaid, and tap permits issued, anytime in advance of connection, in which case the commencement of service charges shall be governed by Section 8.6 of these Rules and Regulations. No refund of tap fees will be paid.

8.4.2 Factors and Usage. The fees and charges reflected in Appendix B are based upon factors of usage and physical structure, and upon the application by the Manager of the District of those factors to the facts and circumstances surrounding the application.

8.4.3 Disputed Tap Application. If a dispute arises between the Service District and the applicant regarding the calculation of tap fees or the nature and use of the structure as it applies to Appendix B, the dispute will be settled in accordance with Article IX of these Rules and Regulations.

#### 8.5 Transfer of Tap Fees

No tap fee paid on behalf of one property, or any portion thereof, may be transferred to any other property unless:

8.5.1 Common Owner of Property. The owner requesting the transfer is the common owner of the property for which the tap fee has been paid and the property to which the transfer of the tap fee, or portion thereof, is being requested. Both properties are in the same Winter Farm Metropolitan District.

8.5.2 Good Credit. The owner requesting the transfer has no outstanding unpaid accounts with the District and has previously maintained a good credit with the District.

8.5.3 No Previous Connection to System. The property to which the tap fee initially applied has never been connected to the District's Irrigation Water System.

8.5.4 Payment of Difference. The owner requesting the transfer shall pay to the Service District the difference between the tap fee which would otherwise be charged on the date the transfer is requested for the property to which transfer is being sought, and the tap fee previously paid, but in no event shall the Service District make a credit or refund. In the event an owner transfers only a portion of the total sum previously paid as a tap fee, the owner shall retain a credit, subject to the provisions of Section 5.10, for any nontransferred portion of the previously paid fee.

8.5.5 Approval in the Discretion of Service District. Any approval of a request for a transfer of a tap or fees shall be in the sole discretion of the Service District.

## 8.6 Water Charge

Until such time that the District begins to meter actual water usage, an annual Water Charge shall be charged as reflected in the Schedule of Fees and Charges, attached hereto as Appendix B. The annual Water Charge shall be assessed as of June 1, 2008, and as of each April 1 in the years thereafter, if the property currently receives irrigation water service from the District. The annual Water Charge shall be pro-rated based on the period of the Irrigation Season for irrigation water service that is turned on to the property on which the building is located after June 1, 2008 for the 2008 Irrigation Season or after the start of the Irrigation Season in any year thereafter. Unless otherwise determined by the District, the Irrigation Season shall be the period of April 15 through October 15.

The annual Water Charge may be used by the District for purposes of paying all or any part of the costs associated with the District's operation and maintenance

expenses including, but not limited to, the operation and maintenance of the District's irrigation system, the District's ground maintenance services, such services to include, but not be limited to, the irrigation and landscaping of the Districts' open spaces, and any other budgeted general fund expenditures of the District.

#### 8.7 Amended Tap Fees

In those situations where a prospective user applies for a permit for service to a property or use not defined in the preceding Article; or where, in the Manager's opinion, said property represents a classification not contemplated in the establishment of the previously defined tap fee, the Board of Directors or Manager shall, in their/his sole discretion, establish a fair, reasonable, and equitable tap fee for said property.

#### 8.8 Amended Water Charges

At such time that the District begins to meter actual water usage, the District shall charge for monthly water usage as set forth in the Schedule of Fees and Charges, attached hereto as Appendix B. In addition, in those situations where, in the Board of Directors' or Manager's sole discretion, the water charges imposed herein do not represent a fair, reasonable, and equitable charge for the intended use, the Board of Directors or Manager, in their/his sole discretion, may adjust said rates.

#### 8.9 Payment of Water Charges

It is the policy of the District to bill the annual Water Charge in arrears.

When a condominium or other multi-unit dwelling association exists for a number of units receiving service for irrigation of outdoor common space for such units which do not have individual irrigation water service from the District, said association shall receive an annual invoice for the outdoor common space serviced by the association.

In no instance shall the Service District bill individual owners within a multi-unit project without separate irrigation water meters, curb stop, shut-off valves, and service lines. The Service District shall have the right to issue only one bill for irrigation water supplied to a multi-unit structure or development. Any structure with more than one living unit off the service line, which is not separately metered, shall establish one responsible party for irrigation water bills.

Payment of the annual Water Charge shall become due, owing and payable upon the date of written notification by the District that said Water Charge is due. Where the customer believes said statement is in error, the customer must file, in writing, a notice to the Service District of the presumed error, and request a clarification from the Manager. Upon review by the Manager, and resubmittal and/or revision of the statement, payment shall be due no later than ten (10) days from the billing date of the resubmitted statement.

#### 8.10 Penalty for Late Payment

At any time the customer is fifteen (15) days tardy in payment of any charges due the District, the Service District shall assess an interest charge at the rate of one percent (1%) per month on the unpaid balance. The Service District shall further have the right, in its sole discretion, to terminate service to any customer who becomes thirty (30) days or more tardy in payment for scheduled services, following the opportunity for a hearing as outlined herein.

The Service District shall assess to any customer who is tardy in payment of his account, all legal, court, disconnection, and other costs necessary to or incidental to the collection of said account.

Until paid, all such fees, rates, penalties, or charges shall 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 this state for the foreclosure of mechanics' liens.

#### 8.11 Foreclosure Proceedings/Attorney's Fees

At any time it becomes necessary after other efforts (letters, posted notices) to collect delinquent payments of any fee or charge imposed by the District under these Rules and Regulations and/or Colorado law, the Service District may then initiate foreclosure proceedings as provided for by Section 32-1-1001 (1)(j), C.R.S. All of the provisions of these Rules and Regulations to the contrary notwithstanding, all customers/users of the District's Irrigation Water System hereby agree to be bound by these Rules and Regulations as a matter of contract and for which there is good and valuable consideration. Further, in the event the Service District shall commence a foreclosure action or proceedings to collect any payments of whatsoever nature due and payable to the District, then in said event the party being foreclosed upon agrees hereby to the payment of any and all costs incurred in connection with said foreclosure proceedings including, but not limited to, reasonable attorney's fees which the court shall tax as a part of the costs of such

foreclosure proceedings. In the event payment is made by the customer prior to the foreclosure sale, said attorney's fees and any and all other fees outstanding against the subject account and relating to the subject real property, must also be paid as a pre-condition to the resumption of service to the subject property.

#### 8.12 Certificate of Amounts of County Treasurer

In addition to any other means of collecting delinquent fees, rates, tolls, penalties, charges or assessments made or levied solely for water services (including charges for availability of such service), the Service District may certify the delinquent amounts to the county treasurer for collection in the same manner as property taxes, in accordance with the provisions of statute, as amended. The Service District shall charge a fee for the administrative costs of this collection method, which fee shall be added to all delinquent amounts, including other penalties and interest charges, before certification.

#### 8.13 Required Equipment – Radio Frequency Units

All irrigation water service lines shall be metered with the following equipment in addition to the local code requirements. The meter body shall be a 5/8" X 3/4" PMM Water Meter, with a Sensus Frequency register and radio Unit. Once installed, the service will be inspected and tested for compatibility with the District's Irrigation Water System. Upon approval, service will then be activated by the District.

### ARTICLE IX HEARING AND APPEAL PROCEDURES

#### 9.1 Application

The hearing and appeal procedures established by this Section shall apply to all complaints concerning the interpretation, application or enforcement of the Rules and Regulations of the District, and contracts related thereto, as they now exist or may hereafter be amended. The hearing and appeal procedures established by this Section shall not apply to the following complaints:

1. Complaints which arise with regard to personnel matters, which complaints shall be governed exclusively by the District's personnel rules as the same may be amended from time to time.

2. Any other complaint which does not concern the interpretation, application, or enforcement of the Rules and Regulations of the District, or contracts related thereto.

## 9.2 Initial Complaint - Resolution

Complaints concerning the interpretation, application, or enforcement of Rules and Regulations of the District must be presented to the Board of Directors or Manager, or such representative as they/he may designate. Upon receipt of a complaint, the Board of Directors or Manager or their/his representative, after a full and complete review of the allegations contained in the complaint, shall take such action and/or make such determination as may be warranted and shall notify the complainant of the action or determination by mail within twenty (20) days after receipt of the complaint.

## 9.3 Hearing

In the event the decision of the Manager or his representative is deemed unsatisfactory to the complainant, a written request for hearing may be submitted to the Manager, or such hearing officer as the Manager may appoint, within twenty (20) days from the date of written notice of the decision was mailed.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the Manager or hearing officer shall conduct a hearing at the District's convenience, but attempt to do so within twenty (20) days after the receipt of the request for hearing. The hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations. If the Manager renders a final decision against the customer, the out-of-pocket costs of the hearing shall be assessed against the customer.

## 9.4 Conduct of Hearing

At the hearing, the Manager or hearing officer shall preside. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any person of his choice or by legal counsel.

The complainant or his representatives and the District representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained of. The

Manager or hearing officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent persons in the conduct of their affairs.

The Manager or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer, or cancel the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

#### 9.5 Findings

Subsequent to the hearing, the Manager or hearing officer shall make written Findings and an Order disposing of the matter and shall mail a copy thereof to the complainant not later than ten (10) days after the date of the hearing.

#### 9.6 Appeals to the Board

In the event the complainant disagrees with the Findings and Order of the Manager or hearing officer, the complainant may, within twenty (20) days from the date of mailing of the Findings and Order, file with the District a written request for an appeal thereof to the Board of Directors. The request for an appeal shall set forth, with specificity, the facts or exhibits presented at the hearing upon which the complainant relies and shall contain a brief statement of the complaint's reasons for the appeal. In response, the Manager or hearing officer shall compile a written record of the appeal consisting of:

1. Minutes of the hearing;
2. All exhibits or other physical evidence offered and reviewed at the hearing;
3. A copy of the written Findings and Order; and
4. Additional written comments which the Manager of the District may wish to submit in response to the written request for appeal.



APPENDIX A  
SERVICE LINE CONSTRUCTION

A.1 Rules and Regulations

The applicant, contractor, and property owner are responsible for knowledge of all provisions of the Rules and Regulations. The items below are restated for emphasis:

Tap Fees Tap fees must be paid prior to the scheduling of any inspections by the Service District.

Service Charges Service Charges begin as of the date of turn on.

Unauthorized Tap ANY CHANGE IN USE, CONVERSION OF ADDITIONAL UNITS OR CONNECTION OF NEW STRUCTURE MADE WITHOUT PAYMENT OF A TAP FEE WILL BE CONSIDERED AN “UNAUTHORIZED TAP.”

The occurrence of an unauthorized tap is subject to a penalty charge, as well as payment of the appropriate tap fee.

Property Owner The property owner shall be held responsible in the event of nonpayment of all fees and charges due the District.

A.2 Standards for Service Lines

Prior to service line construction, the constructor shall familiarize himself with the District standards and specifications. The owner or constructor shall obtain approval for the location of the service line and submit appropriate sets of site and mechanical plans and inform the Service District’s personnel of intended schedule for construction.

Constructors shall apply for all permits. All permits, fees and licenses shall be paid for by the constructor plumber, or other doing the work in the District prior to the start of construction.

### A.3 Excavation

All excavation required for the installation of service lines shall be open trench work unless otherwise approved by the Manager.

Pipe laying and backfill shall be performed in accordance with the District's standards and specifications. No excavation shall remain open for more than forty-eight (48) hours and all District mains are required to be covered overnight.

Where a street cut is required, the contractor shall rebuild the road base in accordance with applicable City, County, or State regulations on excavation, backfill, compaction and restoration of service. All excavation for all service lines shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways and other public and private property disturbed in the course of the work shall be restored in a manner satisfactory to the District.

All backfill shall be maintained in a satisfactory condition and all places showing signs of settlement shall be filled and maintained during construction for a period of one year following completion of construction. When an applicant is notified by the Service District that a backfill is hazardous, he shall correct such hazardous conditions at once.

### A.4 Tapping the Main

The Service District's representative is authorized to make taps onto the District's irrigation water mains. The applicants of the irrigation water service permit shall notify the Service District when the service is ready for inspection and connection to the main. Appointments for inspection and connection should be scheduled twenty-four (24) hours in advance. Contractor shall provide two (2) workers to assist the Service District in making the taps on to the main.

### A.5 Inspections

The applicant for the irrigation service line permit shall notify the Service District when the service is ready for inspection. Appointments for inspection and connection should be scheduled twenty-four (24) hours in advance. The connection shall be made by qualified personnel. All service lines shall be inspected by the Service District's representative, who shall have the authority to halt construction when, in his opinion, the District's Rules and Regulations for proper construction practices are being violated. Whenever any such violations

occur, the Service District's representative shall, in writing, order further construction to cease until all deficiencies are corrected. No service lines shall be covered without the Service District representative's approval. Anyone making any installation without such approval shall be required to remove all soil or any other covering over the service line to allow its inspection.

#### A.6 Water Service Lines

##### Water Service

##### Lines

Alignment of the water service line shall be located so as to take the shortest, most direct route, preferably perpendicular from the main to the building. No water service line shall be laid parallel to any bearing wall which might be thereby weakened. The water service shall be laid at a uniform grade in a straight alignment.

##### Pressure Test

##### Required

Under supervision of the Service District representative, the water service line is to be water pressure tested at normal operating pressure from the water main to the building before backfill begins.

##### Curb Stop

The service line shall have two curb stop control valves located at the property line, or as otherwise approved by the Service District with easy access to the Service District. Curb stop valve boxes must be Ford 844-333MQ and accessible from, surface and located at property line. The curb stop valve boxes must be installed prior to the meter and after the meter.

The service line shall be continuous line with no joints if at all possible. Splices are allowed if distance exceeds the length of one hundred (100) feet. There shall be no splices between the curb stop and the main.

##### Stub-Out

When water service lines are stubbed-out to property lines, the stub-out shall be valved off and plugged, with a valve box installed to the ground surface. If no irrigation water stub-out exists, Service District personnel will make all taps up to two (2) inches.

##### Owner's

##### Responsibility

The Service District is responsible for the maintenance of the water service line, up to and including the curb stop valve or the owner's property line, whichever is closer to the main. The customer is

responsible for the maintenance of the remaining portion of the service line serving the property.

Water Service  
Line Specifi-  
cation

Service lines shall be constructed with type K copper up to two (2) inches; larger than two (2) inches shall be constructed with D.I.P. Service lines shall be buried at least eight (8) feet with two (2) inch bedding and six (6) inch compacted cover. No lead soldered fittings shall be allowed. All copper connections must be compression joints, or silver soldered joints. Dry ice shall be used when making repairs to curb stop. All taps larger than two (2) inches will be made by an approved contractor and inspected by Service District personnel. Inspection of water service line is required. Inspection will be made with the service line under pressure. The Service District will record the actual location and depth of water service lines.

Service Line  
Separation

A ten (10) foot separation must be maintained between water service lines.

Irrigation Water  
Meters And  
Remotes

All water service lines shall have an irrigation water meter before irrigation water is turned on. Water meters shall be provided and installed by the Service District. The cost of the meter shall be borne by the customer.

All meters must be bronze bodied 5/8" X 3/4" PMM ECR/WP Water Meter with remote read unit. Contractor or owner will be supplied a "spool" to be installed horizontally in the location of the water meter. The Contractor will remove the spool and install the water meter and a remote read unit upon installation.

It shall be the builder's/contractor's responsibility to protect the meter from freezing or other physical damage during construction. After completion of the construction and acceptance by the owner, it shall be the owner's responsibility to protect the meter from freezing, from damage due to high water pressure (i.e. PRV), and other physical damage.

Contractor or owner will be supplied with wire for installation of a touch-read pad at the time that tap fees are paid. The owner shall install the wire from meter location to remote site prior to meter installation and water turn on. A telephone jack must be installed within five (5) feet of the meter to provide for future automated meter reading capability.

All meter installations must be in freeze-proof, convenient and easily accessible areas. If meter is located in a crawl space, an access hatch is to be provided within ten (10) feet of the water meter.

Touch-read pad will be located in front of building, 5 feet off ground, in an area where snow is normally removed and with minimal vegetation. The maximum remote distance from the meter shall be five hundred (500) feet.

Irrigation water will remain turned off at curb stop until irrigation water meter is installed. All irrigation water is to be metered, including that used during construction.

Pressure  
Reducing  
Valves

Individual pressure reducing valves are required on all water service lines and shall be located upstream from (ahead of) the irrigation water meter.

Shut off  
Valves

Contractor will install shut off valves ahead of PRV and after the spool to facilitate future repairs.

Backflow  
Prevention

Backflow prevention devices are required on all facilities where required by the Colorado Department of Health. All devices will be inspected and certified as working properly every year by a certified inspector.

Construction

CONSTRUCTION SHALL BE IN ACCORDANCE WITH ALL APPLICABLE UNIFORM BUILDING CODES AND LOCAL BUILDING CODES.

Irrigation Water

Turn on

Irrigation water turn-on will be made by Service District personnel only. Any service turned on by other than authorized personnel shall be considered illegal system tampering and subject to fees and penalties.

All irrigation water shall be metered.

All meters will be installed by the Service District.

Irrigation water service is turned on and billing begins when the meter is installed.

## **Appendix B**

### **WATER SERVICE RATES, IRRIGATION WATER SYSTEM**

Annual Water Charge: \$305.00 per year, assessed each April 1, for each Single Family Residential Unit and each Multi-Family Unit, until such time that the District begins to meter actual water usage. Unless otherwise determined by the District, the Irrigation Season shall be the period of April 15 through October 15.

Base Rate: \$10.00 per month for each Single Family Residential Unit and each Multi-Family Unit for the Irrigation Season.\*\*

Plus \$1.00 per 1,000 gallons for usage per month up to 10,000 gallons\*\*

Plus \$2.00 per 1,000 gallons for usage over 10,000 per month\*\*

Tap Fee: \$3,900.00 one-time charge for each Single Family Residential Unit and each Multi-Family Unit

### **WATERING SCHEDULE, IRRIGATION WATER SYSTEM – RESTRICTIONS OF USE**

If conditions of supply so limit the water supply of the District's water system that unrestricted water use may endanger the adequacy of that supply, the Board of Directors, exercising its discretion in the protection of the public health, safety, and welfare, may adopt the following emergency water use restrictions and such additional regulations and restrictions as are reasonably calculated under all conditions to conserve and protect that supply and to ensure a regular flow of water through the system. Emergency water use regulations and restrictions shall remain in force and effect until the Board determines that the conditions requiring their imposition no longer exist.

**Phase I:** Watering allowed 3 days per week on Tuesday, Thursday and Saturday for even numbered addresses; and Wednesday, Friday and Sunday for odd numbered addresses.

**Phase II:** Watering allowed two days per week on Tuesdays and Friday for even numbered addresses and Mondays and Thursdays for odd numbered addresses. Watering on Wednesdays and Saturdays for Open space and Parks.

**Phase III:** Watering allowed one day per week. Tuesdays for even numbered addresses and Fridays for odd numbered addresses.

**Phase IV:** No watering except by Special Permit\* issued by the District.

\* Special Permits may be issued to allow for special circumstances, including sod watering

\*\* At such time as the District begins to meter actual water usage of each Single Family Residential Unit and each Multi-Family Unit, the Base Rate plus additional charges shall be imposed in lieu of the Annual Rate.