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Independent Accountants' Report On Applying Agreed-Upon Procedures

Town of La Veta, Colorado
Honorable Mayor and Board of Trustees
209 S. Main St. – PO BOX 174
La Veta, CO 81055

We have performed the procedures enumerated below on the calculation of debt service coverage requirements of the Town of La Veta, Colorado, (the "Town") prepared by the Town to reflect compliance with the debt service coverage requirements applicable to the issuance of additional parity obligations as of December 31, 2024, as outlined in the governing bond documents. The Town is responsible for the preparation and presentation of the calculation of debt service coverage requirements in accordance with the governing bond documents.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Town in presenting calculations that reflect compliance with the debt service coverage requirements applicable to the issuance of additional parity obligations as of December 31, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We obtained copies of the Loan Agreement No. C150329, and Loan Agreement No. D08F199 and read the sections relevant to the parity requirement and the calculation of debt service coverage. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Agreements.

2. The Town acting by and through the Enterprise has outstanding parity obligations (collectively the "Parity Lien Obligations") described as: that Governmental Agency Bond (the "2008 Governmental Agency Bond") issued by the Town acting by and through the Enterprise, dated April 11, 2008, pursuant to a Loan Agreement between the Enterprise and the Colorado Water Resources and Power Development Authority (the "2008 Loan Agreement"), and the Promissory Note and Security Agreement issued by the Town acting by and through the Enterprise, dated May 6, 2012, pursuant to Loan Contract No. C150329 between the Enterprise and the Colorado Water Conservation Board (the "2012 Loan Contract") and no others, which have an irrevocable and first lien (but not an exclusive such lien) upon the Pledged Property (as defined in the Loan Agreement). The terms Pledged Property and Net Revenues are used interchangeably in this Document. We read the 2008 Governmental Agency Bond and 2012 Loan Contract for an understanding of the

definition of Net Revenues and the annual debt service requirements for these obligations for the twelve months ending December 31, 2024.

3. We reviewed other outstanding obligations and did not note any other obligations other than those provided that have a superior or a subordinate lien upon the Pledged Property.

4. We obtained the calculations prepared by the Town to reflect whether the coverage requirements set forth in Exhibit F of the 2008 Loan Agreement have been and are being met in that the Net Revenues of the System (as defined in paragraph 3 of Exhibit A of the 2008 Loan Agreement) for any twelve (12) consecutive months out of eighteen (18) months preceding the month in which such obligations are to be issued is at least equal to the sum of (a) one hundred twenty percent (120%) of the maximum annual debt service of (i) the 2008 Loan Agreement and all outstanding obligations of the Governmental Agency payable out of, or secured by a lien or charge on, the Pledged Property which is on a parity with the lien or charge of the 2008 Governmental Agency Bond on the Pledged Property, and (ii) such proposed obligations to be issued, and (b) the maximum annual debt service due in any one year on all obligations payable out of, or secured by a lien or charge on the Pledged Property which is subordinate to the lien or charge of the 2008 Loan Agreement on the Pledged Property. We obtained the unaudited trial balance for the year ended December 31, 2024, and agreed the amounts used in the calculation to the underlying accounting records and recalculated gross revenues and operating expenses, as defined in the agreements, to determine Net Revenues for the twelve months ended December 31, 2024. We recalculated the annual debt service based on the 2008 Loan Agreement. We also recalculated the coverage ratio identified in the Town's calculation.

5. We obtained the calculations prepared to reflect whether the coverage requirements set forth in Section 8.e of the 2012 Loan Contract, have been and are being met in that the revenues of the Town acting by and through the Enterprise, for twelve (12) consecutive months out of the 18 months immediately preceding the date of issuance of such parity lien obligation, are sufficient to pay the annual operating and maintenance expenses of the Enterprise, annual debt service on all outstanding indebtedness having a lien on the Pledged Revenues, including the 2012 Loan Contract, the annual debt service on the proposed indebtedness to be issued, and all required deposits to any reserve funds required by the 2012 Loan Contract or by the lender(s) of any indebtedness having a lien on the Pledged Revenues. This analysis of revenues is based on the Enterprise's current rate structure, or the rate structure most recently adopted. No more than 10% of total revenues originate from tap and/or connection fees. We obtained the unaudited trial balance for the year ended December 31, 2024, and agreed the amounts used in the calculation to the underlying accounting records and recalculated the annual operating and maintenance expenses, annual debt service, based on the loan agreement, and the required deposits to any reserve funds required by the 2012 Loan Contract. We obtained the current rate or most recently adopted rate structure from the Town and agreed the revenues used in the calculation to the rate structure. We also agreed the tap and/or connection fees identified in the calculation to the underlying accounting records and recalculated the percentage of these fees to total revenues.

6. We read the loan agreements for all other obligations of the Town for coverage requirements of any additional Parity Obligations and did not note the existence of any other obligations which are not met by meeting the requirements set forth in paragraphs 4 and 5 hereof.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance with the debt service coverage requirements applicable to the issuance of additional parity obligations as of December 31, 2024, as outlined in the governing bond documents. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Very truly yours,

Haynie & Company

Littleton, Colorado
May 7, 2025

Town of La Veta
La Veta, Colorado
Debt Service Parity Certification
2025 Loan
Exhibit A

		(Unaudited) 12 month ending 12/31/2024	
Revenues			
Operating Revenues	$	199,435	(1)
Other Utility Revenue (2)		202,507	
Total Recurring Revenue		401,942	
Operation and Maintenance Expenses (3)		237,806	
Net Revenue		164,136	
Annual Current Debt Service Requirements			
2008 Loan Agreement		50,118	
2012 Loan Contract		19,014	
Total Annual Current Debt Service Requirements		69,132	
Future Debt Service Requirements			
2025 Loan Agreement - Proposed		58,943	
Total Future Debt Service Requirements		58,943	
Total Maximun Annual Debt Service	$	128,076	
Debt Coverage Ratio		**128%**	i
Capital Contributions			
Tap/Connection Fees		-	
Tap/Connection Fees as % of Revenue (4)		0%	ii

Pertinent Debt Compliance Provisions

2008 Loan Agreement

(i) Debt Coverage Ratio: Net Revenue for any 12 consecutive months out of the last 18 months must be greater than or equal to 120% of the maximum annual debt service due in any one year on all outstanding parity obligations payable from the Pledged Property, plus the proposed subordinate obligations.

2012 Loan Agreement

(i) Debt Coverage Ratio: Revenues must be sufficient to cover 100% of its annual debt obligations and reserve fund deposits.

(ii) No more than 10% of total revenues may originate from tap and /or connection fees.

(1) - 12-month revenues at 12/31/24 were unaudited

(2) - Includes net investment income, but excludes other non-operating income and capital contributions

(3) - Excludes depreciation and expenses for non-capitalized major repairs made from a reserve fund established for major repairs

(4) - No tap fees revenue during this period.