COLORADO AGRICULTURAL DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Boards of Directors
Colorado Agricultural Development Authority
Broomfield, Colorado

Opinion

We have audited the accompanying financial statements of the Colorado Agricultural Development Authority (the Authority) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Authority 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - iv be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RubinBrown LLP

March 21, 2024

COLORADO AGRICULTURAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Colorado Agricultural Development Authority's (the Authority) annual financial report presents our analysis of the Authority's financial performance during the fiscal years which ended December 31, 2023 and 2022. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS - 2023

- The Authority's total assets decreased by $3,772
- The Authority's net position (total assets minus liabilities) decreased $3,772
- During the year, the Authority's total operating revenues increased $6,728
- During the fiscal year, the Authority completed the following:
    - Assisted with 5 bonds/loans valued at $2,109,028 to assist beginning farmers in Colorado.

FINANCIAL HIGHLIGHTS - 2022

- The Authority's total assets decreased by $67,395
- The Authority's net position (total assets minus liabilities) decreased $67,395
- During the year, the Authority's total operating revenues decreased $11,036
- During the fiscal year, the Authority completed the following:
    - Assisted with 3 bonds/loans valued at $1,337,900 to assist beginning farmers in Colorado.
    - Provided funding for both the Colorado Foundation for Agriculture and the Colorado Agricultural Outlook Forum.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts:

- Management's Discussion and Analysis
- Financial Statements

The financial statements also included notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

Statement of Net Position
The statement of Net Position provides information about the nature and amounts of investments in resources (assets). The Authority does not have any long-term liabilities for the current year.

Statement of Revenues, Expenses and Changes in Net Position
This statement measures the results of the Authority's operation over the past year and can be used to determine what percentage of the Authority's costs is recovered through its fees and investment income.

Statement of Cash Flows
The cash flow statement portrays the true cash basis operations of the Authority. The cash flow statement reflects the Authority's reliance of investment income to supplement operating and cash-basis losses each year. The Authority had negative cash flows from operations for 2023 and 2022, at $46,501 and $62,878, respectively.

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the important questions asked about the Authority's finances is: "Is the Authority financially sound?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position reports information about the Authority's activities in a way that can help answer that question. These two statements report the net position of the Authority and changes in them. The Authority's net position (difference between assets and liabilities) is one way to measure the financial health or financial position of the organization. Over time, the stability in net position is one indicator that the Authority's financial health is very strong. Other factors that need to be considered are the low level of annual expenditure experienced by the Authority and the general economy of the state and of the nation.

NET POSITION

As part of our analysis, we provide a summary of the Authority's statements of net position as presented below.

Condensed Statements of Net Position

	2023	2022	$ Change	% Change
Total Assets	1,164,610	1,168,382	(3,772)	-0.32%
Current Liabilities	-	-	-	0.00%
Long-Term Liabilities	-	-	-	0.00%
Unrestricted Net Assets	1,164,610	1,168,382	(3,772)	-0.32%
Total Net Position	$ 1,164,610	$ 1,168,382	$ (3,772)	-0.32%

	2022	2021	$ Change	% Change
Total Assets	1,168,382	1,235,777	(67,395)	-5.45%
Current Liabilities	-	-	-	0.00%
Long-Term Liabilities	-	-	-	0.00%
Unrestricted Net Position	1,168,382	1,235,777	(67,395)	-5.45%
Total Net Position	$ 1,168,382	$ 1,235,777	$ (67,395)	-5.45%

As can be seen from the chart above, total assets decreased $3,772 in 2023 and decreased $67,395 in 2022. The Authority's financial soundness remains extremely strong. In fact, because of the strong asset position of the Authority, it continues to charge Beginning Farmers only 50% of the annual fee they have agreed to pay.

While the Statement of Net Position shows financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of related changes. As can be seen in the following table, an increase in revenues and non-operating revenues, and decrease in expenses resulted in an overall net decrease in net assets of $3,772 for the year ended December 31, 2023. Also, as can be seen in the following table, a decrease in revenues and an increase in expenses resulted in an overall decrease in net assets of $67,395 for the year ended December 31, 2022.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	$ Change	% Change
Operating Revenue	$ 19,079	$ 12,351	$ 6,728	54.47%
Non-Operating Revenue (Expense)	42,729	(4,517)	47,246	-1045.96%
Total Revenue	**61,808**	**7,834**	**53,974**	**688.97%**
Operating Expenses	65,580	75,229	(9,649)	-12.83%
Total Expenses	**65,580**	**75,229**	**(9,649)**	**-12.83%**
Change in Net Position	(3,772)	(67,395)	63,623	-94.40%
Beginning Net Position	1,168,382	1,235,777	(67,395)	-5.45%
Ending Net Position	$ 1,164,610	$ 1,168,382	$ (3,772)	-0.32%

	2022	2021	$ Change	% Change
Operating Revenue	$ 12,351	$ 23,387	$ (11,036)	-47.19%
Non-Operating Revenue	(4,517)	(2,944)	(1,573)	53.43%
Total Revenue	**7,834**	**20,443**	**(12,609)**	**-61.68%**
Operating Expenses	75,229	55,218	20,011	36.24%
Total Expenses	**75,229**	**55,218**	**20,011**	**36.24%**
Change in Net Position	(67,395)	(34,775)	(32,620)	93.80%
Beginning Net Position	1,235,777	1,270,552	(34,775)	-2.74%
Ending Net Position	$ 1,168,382	$ 1,235,777	$ (67,395)	-5.45%

The following table shows the amount and percent that operating costs are recovered through fees and charges.

Cost Recovery through Fees and Charges

	2023	2022	$ Change	% Change
Operating Revenue	$ 19,079	$ 12,351	$ 6,728	54.47%
Operating Expenses	65,580	75,229	(9,649)	-12.83%
% Cost Recovery Through Operating Fees and Charges	29.09%	16.42%	12.67%	77.16%

	2022	2021	$ Change	% Change
Operating Revenue	$ 12,351	$ 23,387	$ (11,036)	-47.19%
Operating Expenses	75,229	55,218	20,011	36.24%
% Cost Recovery Through Operating Fees and Charges	16.42%	42.35%	-25.93%	-61.23%

BUDGETARY HIGHLIGHTS

Each year in December the Authority adopts a budget and appropriates funds for the following year. Adjustments to the budget are made at the June meeting, if necessary. The annual budget is not included in the financial statements but is available upon request. In 2023, total revenue was $23,146 over what was budgeted, and expenses were $695 under the budgeted amount. In 2022, total revenue was $18,649 under what was budgeted, and expenses were $12,979 over the budgeted amount.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Authority. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Colorado Agricultural Development Authority
305 Interlocken Parkway
Broomfield, CO 80021

COLORADO AGRICULTURAL DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

	December 31,	
	2023	2022
Assets		
Cash	**$ 576,281**	$ 558,609
Investments	**588,329**	609,773
Total Assets	**1,164,610**	1,168,382
Net Position		
Unrestricted	**$ 1,164,610**	$ 1,168,382

COLORADO AGRICULTURAL DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2023	2022
Operating Revenues		
Annual fees	**$ 10,296**	$ 5,306
Loan closing fees	**8,533**	6,945
Application fees	**250**	100
Total Operating Revenues	**19,079**	12,351
Operating Expenses		
Contributions	**4,000**	9,250
Personal services	**28,139**	27,365
Advertising	**3,504**	3,155
Accounting	**15,750**	13,850
Board travel	**1,234**	624
Insurance	**348**	348
Administration	**46**	87
Membership dues	**—**	300
Office supplies	**364**	176
Miscellaneous	**750**	—
Staff travel	**90**	58
Bank fees	**110**	135
Legal fees	**11,245**	19,881
Total Operating Expenses	**65,580**	75,229
Net Operating Loss	**(46,501)**	(62,878)
Nonoperating Revenues (Expenses)		
Net investment income	**37,317**	11,575
Unrealized gain (loss) on investments	**5,412**	(16,092)
Total Nonoperating Revenues (Expenses)	**42,729**	(4,517)
Change In Net Position	**(3,772)**	(67,395)
Net Position - Beginning Of Year	**1,168,382**	1,235,777
Net Position - End Of Year	**$ 1,164,610**	$ 1,168,382

COLORADO AGRICULTURAL DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2023	2022
Cash Flows From Operating Activities		
Cash received from borrowers and institutions	**$ 19,079**	$ 12,351
Cash paid to suppliers	**(65,580)**	(75,229)
Net Cash Used In Operating Activities	**(46,501)**	(62,878)
Cash Flows Provided By Investing Activities		
Proceeds from sale of investments	**64,173**	42,336
Net Increase (Decrease) In Cash	**17,672**	(20,542)
Cash - Beginning Of Year	**558,609**	579,151
Cash - End Of Year	**$ 576,281**	$ 558,609
Reconciliation Of Net Operating Loss To Net Cash Used In Operating Activities		
Net operating loss	**$ (46,501)**	$ (62,878)
Noncash Transactions		
Net investment income	**$ 37,317**	$ 11,575
Unrealized gain (loss) on investments	**5,412**	(16,092)

1. Summary Of Significant Accounting Policies

The Colorado Agricultural Development Authority (the Authority) was created on June 19, 1981 by an Act of the General Assembly of the State of Colorado. The purpose of the Authority is to provide low-interest financing to beginning Colorado farmers, ranchers and agricultural processors for capital expenditures necessary for agricultural production.

The Authority is authorized to issue tax-exempt bonds and notes or other obligations, which shall not constitute a debt of the State of Colorado, its legislature or any political subdivision.

The Authority has issued tax-exempt bonds to lending institutions throughout the state. These lending institutions then make loans to farmers and ranchers who qualify. The Authority is not liable for these loans because they have been assigned to the lending institutions.

The accounting policies of the Authority conform to United States generally accepted accounting principles (GAAP) as applicable to governmental entities.

Loan Programs

Loans To Lenders

In its 1983 Loans to Lenders Program, the Authority issued bonds totaling $8,000,000 to assist farmers and ranchers with purchases of farmland, equipment and breeding livestock. This money was assigned to lending institutions from around the state, and loans were made to pre-identified borrowers. This program ended in 1993, and 105 loans were made for a total of $8,000,000 of the original bond issue.

Beginning Farmer Program

The Authority issues tax-exempt bonds to agricultural lenders. Payments made by lenders for bonds pass through the Authority to the borrower to fund the borrower's project. The Authority assigns borrower loan payments to the lender, thereby making those payments, in effect, payments on the bonds.

As of December 31, 2023, the Authority assisted with 402 loans and related bonds issued totaling $66,664,411 under the Beginning Farmer Program. In 2023, 5 loans totaling $2,109,028 were made to assist beginning farmers and ranchers. In 2022, 3 loans totaling $1,337,900 were made to assist beginning farmers and ranchers.

Agricultural Sewage Facility Bonds

This program uses tax-exempt bonds to assist with the purchase of equipment and facilities for the handling of agricultural sewage and waste material. As of December 31, 2023, the Authority has issued four bonds totaling $20,500,000. No bonds were issued in 2023 or 2022 under this program.

Agricultural Processing Loan Program

This program uses tax-exempt bonds to assist in the purchase of facilities and equipment for the processing of agricultural goods. Four bonds have been issued under this program, totaling $14,895,000.

Summary

Through all of the above programs, the Authority has assisted with 514 loans totaling $110,059,411 as of December 31, 2023. No state money is pledged or at risk under any of these programs.

Reporting Entity

In accordance with GAAP, the Authority has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The Authority is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Authority officials appoint a voting majority of the organization's governing body, and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Authority. The Authority may also be financially accountable for governmental organizations that are fiscally dependent upon it.

The Authority shares a governing board with the Colorado Agricultural Value-Added Development Board, but it is not considered a component unit within the Authority's financial statements.

Based on how the Authority's Board of Directors is appointed, and whether the Authority is accountable to the State of Colorado, the Authority is presented as a related organization in a footnote disclosure in the State of Colorado's Annual Comprehensive Financial Report, along with other authorities that are considered related organizations.

Basis Of Presentation

The Authority operates as a proprietary fund. The proprietary fund is accounted for on a flow-of-economic-resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis Of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Authority's financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are annual fees, loan closing fees and application fees. All revenues not meeting this definition are reported as nonoperating revenues and expenses. This category would include net investment income and unrealized gains/losses from investments.

Budgets

No budget-to-actual statements have been presented, as the Authority is not legally required to adopt budgets. Though not legally required to formally adopt a budget, the Authority does prepare and review an annual budget for the following year at each December Board meeting.

Accounts Receivable

Accounts receivable are carried at original fee amounts and are expected to be fully collectible. The collectability is based upon prior years' experience and management's analysis of subsequent collections.

Investments

Other than the Colorado Surplus Asset Fund (CSAFE), which is valued at amortized cost, investments are reported at fair value, which is determined using quoted market prices, as applicable.

Net Position

Net position represents the difference between assets and liabilities. Net position is represented as restricted when there are limitations imposed by creditors, grantors or laws and regulations of other governments. All other net positions are reported as unrestricted. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

2. Cash Deposits And Investments

Cash deposits and investments at December 31 consist of:

	2023	2022
Cash	**$ 576,281**	$ 558,609
Investments	**588,329**	609,773
Total Cash And Investments	**$ 1,164,610**	$ 1,168,382

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by 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 State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is $250,000 per official custodian. At December 31, 2023, the Authority's cash deposits had a book balance of $576,281 and a corresponding bank balance of $586,218. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the bank. At December 31, 2022, the Authority's cash deposits had a book balance of $558,609 and a corresponding bank balance of $568,538. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the bank.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2023 and 2022, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by FDIC or collateralized in accordance with PDPA.

Colorado Revised Statutes and the Authority's investment policy specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include the following types of obligations:

- Bankers' acceptance of certain banks
- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government agencies
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk

The Authority's investment policy states that the Authority will appropriately diversify the investment portfolio among investment types and maturities as a means of limiting its exposure to fair value losses arising from prevailing market interest rates.

Credit Risk

The Authority's investment policy limits investments in higher-risk instruments, such as derivatives, and limits concentration in securities from specific issuers, a business sector (excluding U.S. Treasury Securities) or single classes of securities.

Concentration Of Credit Risk

The Authority has limits to the percentage of its portfolio that can be invested in certain types of investments.

The Authority had invested $398,923 and $425,779 as of December 31, 2023 and 2022, respectively, in CSAFE. CSAFE is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE operates similarly to a money market fund, and each share is equal in value to $1.00. The designated custodial bank provides safekeeping and depository services to CSAFE in connection with the direct investment and withdrawal functions of CSAFE. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by CSAFE.

CSAFE maintains a Standard & Poor's principal stability fund rating of AAAm. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE financial statements may be obtained at www.csafe.org. CSAFE is an external investment pool valued at amortized cost, in accordance with the Governmental Accounting Standards Board's Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The Authority's investments as of December 31, 2023 were as follows:

			Maturities	
	Fair Value	**Rating**	**Less Than 1 Year**	**1 - 5 Years**
Certificate Of Deposit	$ 189,406	N/A	$ —	$ 189,406
Pooled Investments				
CSAFE	398,923	AAAm	398,923	—
Total Investments	$ 588,329		$ 398,923	$ 189,406

The Authority's investments as of December 31, 2022 were as follows:

	Fair Value	Rating	Maturities Less Than 1 Year	Maturities 1 - 5 Years
Certificate Of Deposit	$ 183,994	N/A	$ —	$ 183,994
Pooled Investments				
CSAFE	425,779	AAAm	425,779	—
Total Investments	$ 609,773		$ 425,779	$ 183,994

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2023 and 2022:

2023: Certificates of deposit totaling $189,406 are valued using a matrix pricing model (Level 2 inputs).
2022: Certificates of deposit totaling $183,994 are valued using a matrix pricing model (Level 2 inputs).

3. Tax Spending And Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, called the Taxpayer Bill of Rights, also known as the TABOR Amendment (the Amendment), which has several limitations, including those for revenue, expenditures, property taxes and issuance of debt. The Amendment is complex and subject to judicial interpretation. In the opinion of management, the Authority is not subject to the provisions of the Amendment since it does not have the power to levy taxes or issue debt and is thus not a District as defined in the Amendment.

4. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions and natural disasters. The Authority carries commercial insurance for the risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage have remained unchanged in the past three years.