

**PEAK METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**PEAK METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
Peak Metropolitan District No. 1
El Paso County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Peak Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Peak Metropolitan District No. 1 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general 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 (GAAS). 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 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 District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information and Annual Disclosure Information

Management is responsible for the other information and annual disclosure information included in our report. The other information and annual disclosure information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and annual disclosure information, and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and annual disclosure information and consider whether a material inconsistency exists between the other information and annual disclosure information and the basic financial statements, or the other information and annual disclosure information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information and annual disclosure information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 26, 2024

BASIC FINANCIAL STATEMENTS

PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 25,263
Cash and Investments - Restricted	15,035,123
Prepaid Insurance	450
Receivable from County Treasurer	2,160
Property Tax Receivable	670,049
Capital Assets:	
Capital Assets Not Being Depreciated	<u>26,546,283</u>
Total Assets	<u>42,279,328</u>
LIABILITIES	
Accounts Payable	123,827
Accrued Interest	156,129
Noncurrent Liabilities:	
Due in More Than One Year	<u>48,251,908</u>
Total Liabilities	<u>48,531,864</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>670,049</u>
Total Deferred Inflows of Resources	<u>670,049</u>
NET POSITION	
Restricted for:	
Emergency Reserve	700
Debt Service	1,100,745
Unrestricted	<u>(8,024,030)</u>
Total Net Position	<u><u>\$ (6,922,585)</u></u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Primary Governmental Governmental Activities:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Government	\$ 248,375	\$ -	\$ 3,826	\$ (244,549)
Interest on Long-Term Debt and Related Costs	<u>2,360,295</u>	<u>-</u>	<u>-</u>	<u>(2,360,295)</u>
Total Governmental Activities	<u>\$ 2,608,670</u>	<u>\$ -</u>	<u>\$ 3,826</u>	<u>(2,604,844)</u>
GENERAL REVENUES				
Property Taxes				419,196
Specific Ownership Taxes				13,023
Interest Income				1,016,847
Pilot Revenue				8,638
Total General Revenues and Transfers				<u>1,457,704</u>
CHANGES IN NET POSITION				
Net Position - Beginning of Year				<u>(5,775,445)</u>
NET POSITION - END OF YEAR				
				<u>\$ (6,922,585)</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 25,263	\$ -	\$ -	\$ 25,263
Cash and Investments - Restricted	700	4,116,323	10,918,100	15,035,123
Receivable from County Treasurer	111	2,049	-	2,160
Prepaid Insurance	450	-	-	450
Property Tax Receivable	34,347	635,702	-	670,049
Total Assets	<u>\$ 60,871</u>	<u>\$ 4,754,074</u>	<u>\$ 10,918,100</u>	<u>\$ 15,733,045</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 32,763	\$ -	\$ 91,064	\$ 123,827
Total Liabilities	32,763	-	91,064	123,827
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	34,347	635,702	-	670,049
Total Deferred Inflows of Resources	34,347	635,702	-	670,049
FUND BALANCES				
Nonspendable:				
Prepaid Expense	450	-	-	450
Restricted for:				
Emergency Reserves	700	-	-	700
Debt Service	-	4,118,372	-	4,118,372
Capital Projects	-	-	10,827,036	10,827,036
Unassigned	(7,389)	-	-	(7,389)
Total Fund Balances	<u>(6,239)</u>	<u>4,118,372</u>	<u>10,827,036</u>	<u>14,939,169</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 60,871</u>	<u>\$ 4,754,074</u>	<u>\$ 10,918,100</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

26,546,283

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest

(1,245,900)

Series 2021A - Senior Bonds

(38,495,000)

Series 2021B - Subordinate Bonds

(4,955,000)

Developer Advance Payable

(2,337,497)

Unamortized Bond Premium

(1,374,640)

Net Position of Governmental Activities

\$ (6,922,585)

See accompanying Notes to Basic Financial Statements.

PEAK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 21,505	\$ 397,691	\$ -	\$ 419,196
Specific Ownership Taxes	668	12,355	-	13,023
Interest Income	-	233,253	783,594	1,016,847
PILOT Revenue	443	8,195	-	8,638
Intergovernmental Revenues	-	-	3,826	3,826
Total Revenues	22,616	651,494	787,420	1,461,530
EXPENDITURES				
Current:				
Accounting	26,800	-	40,147	66,947
Auditing	5,900	-	-	5,900
County Treasurer's Fee	324	5,964	-	6,288
Dues And Membership	349	-	-	349
Election	295	-	-	295
Engineering	-	-	59,865	59,865
Insurance	4,226	-	-	4,226
Legal	44,183	-	66,286	110,469
Debt Service:				
Bond Interest Series 2021A	-	1,873,550	-	1,873,550
Paying Agent Fees	-	7,000	-	7,000
Capital Projects:				
Capital Outlay	-	-	8,284,306	8,284,306
Total Expenditures	82,077	1,886,514	8,450,604	10,419,195
OTHER FINANCING SOURCES (USES)				
Developer Advance	20,241	-	-	20,241
Total Other Financing Sources	20,241	-	-	20,241
NET CHANGE IN FUND BALANCES	(39,220)	(1,235,020)	(7,663,184)	(8,937,424)
Fund Balances - Beginning of Year	32,981	5,353,392	18,490,220	23,876,593
FUND BALANCES - END OF YEAR	\$ (6,239)	\$ 4,118,372	\$ 10,827,036	\$ 14,939,169

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (8,937,424)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 8,284,306

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (20,241)

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.

Accrued Interest Payable - Change in Liability (417,728)

Accrued Interest Payable Developer Advance - Change in Liability (120,900)

Amortization of Bond Premium 64,847

Changes in Net Position of Governmental Activities \$ (1,147,140)

**PEAK METROPOLITAN DISTRICT NO. 1
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 6,370	\$ 21,505	\$ 15,135
Specific Ownership Taxes	637	668	31
PILOT Revenue	11,192	443	(10,749)
Total Revenues	<u>18,199</u>	<u>22,616</u>	<u>4,417</u>
EXPENDITURES			
Accounting	29,000	26,800	2,200
Auditing	6,000	5,900	100
Banking Fees	50	-	50
Contingency	7,604	-	7,604
County Treasurer's Fee	96	324	(228)
Dues And Membership	750	349	401
Election	2,500	295	2,205
Insurance	3,500	4,226	(726)
Legal	60,500	44,183	16,317
Total Expenditures	<u>110,000</u>	<u>82,077</u>	<u>27,923</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(91,801)	(59,461)	32,340
OTHER FINANCING SOURCES (USES)			
Developer Advance	95,000	20,241	(74,759)
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>20,241</u>	<u>(74,759)</u>
NET CHANGE IN FUND BALANCE	3,199	(39,220)	(42,419)
Fund Balance - Beginning of Year	<u>35</u>	<u>32,981</u>	<u>32,946</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,234</u>	<u>\$ (6,239)</u>	<u>\$ (9,473)</u>

See accompanying Notes to Basic Financial Statements.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Peak Metropolitan District No. 1 (the District), a quasi-municipal corporation was organized by court order on January 23, 2019, recorded on January 25, 2019, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located entirely within the City of Colorado Springs (the City), El Paso County Colorado. The District was organized in conjunction with two other related districts, Peak Metropolitan District No. 2 (District No. 2), and Peak Metropolitan District No. 3 (District No. 3, and collectively with the District and District No. 2, the Districts).

The Consolidated Service Plan for the Districts was approved by the City on August 28, 2018, pursuant to Sections 32-1-201, et seq. C.R.S., as amended by that First Amendment to Consolidated Service Plan approved by the City on February 12, 2019 and that Second Amendment to the Consolidated Service Plan approved by the City on March 22, 2022, (the Service Plan) as the same may be amended or restated from time to time. The purposes for which each District was formed includes designing, constructing, acquiring, financing, operating, and maintaining certain Public Improvements (as defined in the Service Plan), as authorized by and in accordance with the Service Plan.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

The District is not financially accountable to any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its budget for the year ended December 31, 2023.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Inflows of Resources

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

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

As of December 31, 2023 the District had a general fund balance deficit of \$6,239.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 25,263
Cash and Investments - Restricted	15,035,123
Total Cash and Investments	\$ 15,060,386

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

Deposits with Financial Institutions	\$ 87,085
Investments	14,973,301
Total Cash and Investments	\$ 15,060,386

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (Continued)

On December 31, 2023 the District's cash deposits had a bank balance and carrying balance of \$87,085.

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

As of December 31, , the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund	Weighted-Average	
Trust (CSAFE)	Under 60 Days	\$ 14,973,301
Total		<u>\$ 14,973,301</u>

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 18,261,977	\$ 8,284,306	\$ -	\$ 26,546,283
Total Capital Assets, Not Being Depreciated	<u>\$ 18,261,977</u>	<u>\$ 8,284,306</u>	<u>\$ -</u>	<u>\$ 26,546,283</u>

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
General Obligation Bonds					
Series 2021A - Senior Bonds	\$ 38,495,000	\$ -	\$ -	\$ 38,495,000	\$ -
Series 2021B - Subordinate Bonds	4,955,000	-	-	4,955,000	-
Accrued Interest					
Series 2021B - Subordinate Bonds	672,043	417,728	-	1,089,771	-
Subtotal Bonds Payable	<u>44,122,043</u>	<u>417,728</u>	<u>-</u>	<u>44,539,771</u>	<u>-</u>
Other Debts:					
Developer Advance - Operating	316,122	20,241	-	336,363	-
Developer Advance - Capital	1,361,033	-	-	1,361,033	-
Accrued Interest on:					
Developer Advance - Operating	42,450	25,628	-	68,078	-
Developer Advance - Capital	476,751	95,272	-	572,023	-
Subtotal Other Debts	<u>2,196,356</u>	<u>141,141</u>	<u>-</u>	<u>2,337,497</u>	<u>-</u>
Bond Premium/Discount:					
Bond Premium - Series 2021A	1,439,487	-	64,847	1,374,640	-
Subtotal Bond Premium / Discount	<u>1,439,487</u>	<u>-</u>	<u>64,847</u>	<u>1,374,640</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$ 47,757,886</u>	 <u>\$ 558,869</u>	 <u>\$ 64,847</u>	 <u>\$ 48,251,908</u>	 <u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2023 are as follows:

Limited Tax General Obligation Bonds, Series 2021A (the Senior Bonds) and **Subordinate Limited Tax General Obligation Bonds, Series 2021B** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on March 23, 2021, in the par amounts of \$38,495,000 for the Senior Bonds and \$4,955,000 for the Subordinate Bonds. The Bonds do not have any unused lines of credit.

Proceeds from the sale of the Bonds were used to: (i) finance public improvements related to a commercial development in the City; (ii) provide capitalized interest on the Senior Bonds; (iii) provide a Reserve Fund for the Senior Bonds; and (iv) pay the costs of issuing the Bonds.

Senior Bonds Details

The Senior Bonds bear interest at rates ranging from 4.000% to 5.000% per annum and are payable semiannually on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The Senior Bonds have a final maturity of December 1, 2051.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details (Continued)

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date at the rate then borne by the Senior Bond.

Events of Default occur if the District fails to impose the Senior Required Mill Levy or to apply the Pledged Revenues as required, does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture or the Senior Bond Resolution and fails to remedy same after notice pursuant to the Senior Indenture or the District files a petition under Federal bankruptcy laws or other bankruptcy laws seeking to adjust the obligation represented by the Senior Bonds.

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue which means the following: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; (c) all Senior PILOT (payment in lieu of taxes) Revenues; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Property Tax Revenues means all moneys derived from imposition by the District of the Senior Required Mill Levy and do not include Specific Ownership Taxes. Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Senior Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of imposition of the Senior Required Mill Levy.

Senior PILOT Revenues means all revenues derived from any PILOT Covenant relating to the Senior Required Mill Levy imposed by the District, net of collection costs.

Senior Required Mill Levy

The District is required to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues and Senior PILOT Revenues sufficient to pay the Senior Bonds when due and to replenish the Senior Reserve Fund to the amount of the Senior Reserve Requirement, but not in excess of 37.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2006). If the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be 37.000 mills (subject to adjustment) or such lesser amount that will generate Senior Property Tax Revenues and Senior PILOT Revenues (i) which will pay the Senior Bonds when due, will replenish the Senior Reserve Fund to the Senior Reserve Requirement, and will fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (ii) when combined with moneys on deposit in the Senior Bond Fund, the Senior Surplus Fund, and the Senior Reserve Fund will pay the Senior Bonds in full in the year such levy is collected.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$5,037,768, by the Senior Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Senior Reserve Requirement of \$3,390,833, and by amounts, if any, in the Senior Surplus Fund. The balance in the capitalized interest account as of December 31, 2023, is \$275,020.

Senior Reserve Fund

Subject to the receipt of sufficient Senior Pledged Revenue, the Senior Reserve Fund is to be maintained in the amount of the Senior Reserve Requirement for so long as any Senior Bond is outstanding. Amounts on deposit in the Senior Reserve Fund (if any) on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Senior Bonds. The balance in the Senior Reserve Fund as of December 31, 2023, is \$3,435,777.

Senior Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$3,849,500. Amounts on deposit in the Senior Surplus Fund (if any) on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Senior Bonds. The balance in the Senior Surplus Fund as of December 31, 2023, is \$397,447.

Bonds Optional Redemption

The Senior Bonds and Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2026 to February 28, 2027	3.00%
March 1, 2027 to February 29, 2028	2.00
March 1, 2028 to February 28, 2029	1.00
March 1, 2029 and Thereafter	0.00

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.625% per annum and are payable annually on December 15, beginning December 15, 2021, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2051. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 15, 2070, regardless of the amount of principal and interest paid prior to the discharge date.

Events of Default occur if the District fails to impose the Subordinate Required Mill levy or to apply the Pledged Revenues as required, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture, or the Subordinate Bond Resolution and fails to remedy same after notice pursuant to the Subordinate Indenture or the District files a petition under Federal bankruptcy laws or other bankruptcy laws seeking to adjust the obligation represented by the Subordinate Bonds.

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue from the following sources, net of any costs of collection and any property tax refunds or abatement authorized by or on behalf of the County: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate PILOT Revenues; (d) any amounts released from the Senior Surplus Fund pursuant to the Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Property Tax Revenues means all moneys derived from imposition by the District of the Subordinate Required Mill Levy and do not include Specific Ownership Taxes.

Subordinate Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Subordinate Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of imposition of the Subordinate Required Mill Levy.

Subordinate PILOT Revenues means all revenues derived from any PILOT Covenant relating to the Subordinate Required Mill Levy imposed by the District, net of collection costs.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Required Mill Levy

The District is required to impose a Subordinate Required Mill Levy upon all taxable property of the District each year in an amount equal to: (i) 37.000 mills (subject to adjustment) less the Senior Obligation Mill Levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues and Subordinate PILOT Revenues relating to the Subordinate Required Mill Levy which will pay the Subordinate Bonds in full in the year such levy is collected.

Senior Bonds Debt Service

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,873,550	\$ 1,873,550
2025	-	1,873,550	1,873,550
2026	260,000	1,873,550	2,133,550
2027	270,000	1,863,150	2,133,150
2028	370,000	1,852,350	2,222,350
2029-2033	2,650,000	9,001,750	11,651,750
2034-2038	4,610,000	8,296,550	12,906,550
2039-2043	7,255,000	6,920,750	14,175,750
2044-2048	10,955,000	4,758,000	15,713,000
2049-2051	12,125,000	1,402,750	13,527,750
Total	<u>\$ 38,495,000</u>	<u>\$ 39,715,950</u>	<u>\$ 78,210,950</u>

The annual debt service requirements of the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Authorized Debt

On November 6, 2018, the District's voters authorized total indebtedness of \$2,000,000,000 for construction of public improvements and \$200,000,000 each for operations and maintenance expenditures, debt refunding, and debt related to intergovernmental agreements or other contracts with public entities. The indebtedness is authorized in the following amounts:

	Amount Authorized on November 6 2018	Authorization Used 2021	Authorized But Unused
Streets	\$ 200,000,000	\$ 9,718,507	\$ 190,281,493
Parks and Recreation	200,000,000	2,286,547	197,713,453
Water	200,000,000	5,587,245	194,412,755
Sanitation	200,000,000	4,559,216	195,440,784
Transportation	200,000,000	-	200,000,000
Mosquito Control	200,000,000	-	200,000,000
Safety Protection	200,000,000	-	200,000,000
Fire Protection / Emergency Med.	200,000,000	-	200,000,000
TV Relay and Translation	200,000,000	-	200,000,000
Security	200,000,000	-	200,000,000
2021 Bond Proceeds to be Allocated	-	21,298,485	(21,298,485)
Total	<u>\$ 2,000,000,000</u>	<u>\$ 43,450,000</u>	<u>\$ 1,956,550,000</u>

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The original principal amount of the 2021 Bonds shall be allocated to the November 6, 2018 authorization of infrastructure categories as costs are incurred and allocated as indicated in Project Requisitions as submitted. The portion of the principal amount of the Bonds that funded the initial deposit to the Surplus Fund, Underwriter’s discount, costs of issuance, and capitalized interest will be allocated to the above categories in accordance with the percentage of total net proceeds indicated in the Project Requisitions allocated to each such category. As of December 31, 2023, 52 Project Requisitions were submitted.

Pursuant to its Service Plan, as amended, the District, District No. 2 and District No. 3 are permitted to issue bond indebtedness in the total aggregate amount of \$200,000,000, not including refunding or refinancing debt.

After the issuance of debt by the District and District No. 3, \$92,769,448 of the Service Plan authorization remains as of December 31, 2023. Any proposed debt is subject to the prior approval of the City.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted, and unrestricted.

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of debt obligations issued for public improvements, which were conveyed to other entities. The District had restricted net position as of December 31, 2023 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 700
Capital Projects Reserve	1,100,745
Total Restricted Net Position	\$ 1,101,445

NOTE 7 AGREEMENTS

Operations and Maintenance Mill Levy Limitation Agreement

On March 1, 2021, the District, District No. 2 (also referred to herein as the Maintenance District), and District No. 3 (together with District No. 1 each a Financing District and collectively, as the Financing Districts) entered into the 2021 Operations and Maintenance Mill Levy Limitation Agreement (Mill Levy Limitation Agreement). Pursuant to the Colorado Constitution, Article XIV, Section 18(2)(a), and Section 29-1-203, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt.

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Operations and Maintenance Mill Levy Limitation Agreement (Continued)

Pursuant to the Mill Levy Limitation Agreement, the Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan (as defined in the Service Plan), and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall not be authorized to operate and maintain any part of the Public Improvements after such dedication unless the provision of such ongoing operation and maintenance is specifically identified in the Service Plan. The Service Plan allows for the boundaries of the Districts to overlap, as long as the aggregate mill levy for the payment of debt and operations of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy (as defined in the Service Plan) for the repayment of debt, or the Maximum Operating Mill Levy of 10 mills, subject to adjustment for changes in the method of calculating assessed valuation, (Maximum Operating Mill Levy) for the payment of Actual Administrative and Compliance Costs and Actual Maintenance Costs (both as defined therein).

The Districts agree each District will incur Actual Administrative and Compliance Costs and, as such, it is necessary for each District to impose an operating mill levy to pay for such Actual Administrative and Compliance Costs.

The Districts further acknowledge and agree it is the intent and desire of the Districts that the Maintenance District be responsible for managing and providing operation and maintenance of Public Improvements not otherwise accepted by other governing jurisdictions throughout the Service Area (as defined in the Service Plan) of all the Districts (Maintenance Services) and that it will be necessary for the Maintenance District to impose an operating mill levy to generate revenues for expenses related to the provision of such Maintenance Services.

The Mill Levy Limitation Agreement sets forth the agreement of the Districts relative to the process by which the Districts will annually determine their respective operation and maintenance mill levies needed for Actual Administrative and Compliance Costs of each District and by the Maintenance District for provision of the Maintenance Services to assure the Districts do not exceed the aggregate Maximum Operating Mill Levy. The Mill Levy Limitation Agreement supersedes and replaces in its entirety the Memorandum of Understanding, dated January 29, 2019, entered into by the Districts.

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

2021 PILOT Covenant

The Declaration of Covenants Imposing and Implementing Payment in Lieu of Taxes against all of the property of the District (2021 PILOT Covenant) made by the City, as Declarant, was entered into on February 11, 2021 and became effective on February 19, 2021 upon recordation in the real property records of the Clerk and Recorder of El Paso County. The purpose of the 2021 PILOT Covenant is to require: (a) any tax-exempt users to make payments in lieu of taxes to the District and (b) the City to make payments in lieu of taxes to the District if a Lease Termination Event (as defined therein) occurs. Revenue from a PILOT Covenant (defined in the Indentures as the 2021 PILOT Covenant or any similar future covenant which provides for a payment in lieu of taxes) is a component of the Senior Pledged Revenue and the Subordinate Pledged Revenue. Payments under the 2021 PILOT Covenant are not expected to be required by the City unless a Lease Termination Event occurs, if ever, although such payments are possible.

Reimbursement Agreement

The District and District No. 3 entered into a Reimbursement Agreement, dated March 29, 2023 and effective as of December 21, 2022 (the District Reimbursement Agreement). In 2021 the District issued Bonds and entered into other obligations for the purpose of, among other things, funding and reimbursing a portion of the costs of acquiring, designing and engineering, constructing and installing certain public improvements that benefit the property within both the District and District No. 3. The District Reimbursement Agreement sets forth the terms by which District No. 3, having issued its \$18,250,000 Limited Tax General Obligation Bonds, Series 2022A-1 and \$45,530,552 (Value at Issuance) \$84,680,000 (Value at Current Interest Conversion Date) Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022A-2 Bonds on December 21, 2022, shall reimburse the District \$1,365,349 for certain Reimbursable Expenses (defined therein) as of February 28, 2023 and a to-be-determined amount for certain Future Reimbursable Expenses (defined therein). Such expenses to be verified by an independent professional engineering firm to determine, in part, the 1) costs associated with the design and construction of certain public improvements, which have been paid for by the District that benefit District No. 3, and therefore require a reimbursement by District No. 3 to the District and 2) allocation of costs associated with the design and construction of certain public improvements, which have been paid for by the District, but that benefit both the District and District No. 3. As of December 31, 2023, the total amount eligible for reimbursement is \$1,410,859 and there have been \$3,826 in reimbursements.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Covenant Enforcement and Design Review Services

The City of Colorado Springs has executed that certain Declaration of Design Covenants, Conditions and Restrictions for Peak Innovation Park dated January 24, 2020, and recorded in the real property records of the County at Reception No. 220011358 (as may be amended from time to time, the Declaration). The Declaration provides that the Districts shall enter into an Intergovernmental Agreement to provide that one or more of the Districts shall implement the terms and conditions of the Declaration. On March 1, 2021, the District, District No. 2, and District No. 3 entered into that certain Intergovernmental Agreement Regarding Covenant Enforcement and Design Review Services agreeing and assigning to District No. 2, through the Peak Innovation Park Architectural Control Committee, the power to provide design review services and enforce Covenants. The Districts agree to cooperate to establish annual budgets for the provision of these services.

NOTE 8 RELATED PARTIES

The property within the District is being developed by UFCS Airport, LLC (Developer). During 2023, all the members of the board of directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Operation Funding Agreements (OFAs)

On January 29, 2019, the District and Developer entered into an Operation Funding Agreement (OFA), as amended on October 30, 2019, October 22, 2020, December 8, 2021, November 30, 2022, and October 31, 2023. The OFA provides for the Developer to advance funds for ongoing operations expenses incurred by the District through December 31, 2024 in an amount not to exceed \$375,000.

The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum.

Any obligation of the Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2019 through 2024, not to exceed \$375,000 unless agreed to in writing by the parties. Any obligation of the District to reimburse the Developer expires on December 31, 2064. In the event that the District has not reimbursed the Developer for any Developer Advance made pursuant to the OFA on or before December 31, 2064, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

As of December 31, 2023, outstanding advances for operations totaled \$336,363 and accrued interest totaled \$68,078.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RELATED PARTIES (CONTINUED)

Facilities Acquisition and Payment Agreement (FAPA)

On June 22, 2021, the District and Developer entered into the Facilities Acquisition and Payment Agreement, as amended on December 8, 2021 (FAPA). The FAPA establishes rights, obligations, and procedures with respect to the District's payment of Construction Costs and acquisition of Developer-constructed Improvements, and for reimbursement of the Developer.

The Developer agrees to design, construct, and complete the Improvements in full conformance with the design standards and specifications as established and in use by the District, if applicable, and other entities with proper jurisdiction pursuant to the provisions of the FAPA. If the District so requests, the Developer shall provide periodic reports on the status of completion and costs of the Improvements.

Pursuant to the FAPA, the District agrees to reimburse the Developer for and/or make direct payment of Certified Construction Costs up to a maximum amount of Forty Million Five Hundred Thousand Dollars (\$40,500,000.00), together with interest thereon, unless otherwise agreed to in writing by the Parties. Certified Construction Costs shall accrue interest from the date such costs are incurred by the Developer. Simple interest shall accrue on amounts reimbursable to the Developer under the FAPA, until paid, at the rate of eight percent (8%) per annum. Developer and District acknowledge the existence of limitations on the District's ability to make such payments as result of the Service Plan.

The District shall acquire the Improvements after preliminary acceptance from the appropriate accepting jurisdiction, and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer.

Developer Facilities Funding and Acquisition Agreement

The District entered into a Facilities Funding and Acquisition Agreement with the Developer dated March 1, 2021 and effective as of April 30, 2019 (the Developer Reimbursement Agreement) pursuant to which the Developer agreed to either advance dollars to the District to pay for costs of construction related expenses and/or to construct certain public improvements for future acquisition by the City, District, or other local government, subject to the verification requirements set forth therein. The District agreed to reimburse the Developer for verified costs, together with interest thereon. Simple interest accrues on verified reimbursable construction related expenses at the rate of 7% per annum as follows: (a) on any advance, from the date of deposit with the District, (b) on amounts expended prior to the date of organization, from the date of organization of the District, or (c) on verified reimbursable costs constructed after the date of organization of the District, from the date such costs were incurred by the Developer. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2023, outstanding advances pursuant to the Developer Reimbursement Agreement totaled \$1,361,033 and accrued interest totaled \$572,023.

**PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RELATED PARTIES (CONTINUED)

City Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement dated February 6, 2019, with an effective date of February 12, 2019, with the City, acting by and through its Airport enterprise (the City Reimbursement Agreement) whereby the City agreed to contribute up to \$1,500,000 (City Contribution) to the cost of designing, constructing, and completing certain improvements described therein. The District agreed to reimburse the City for verified costs up to the amount of the City Contribution, together with interest thereon. Simple interest accrues from the date of deposit of the City Contribution at the rate of 7% per annum until paid. Any reimbursement made under the City Reimbursement Agreement is required to be made on a pari passu basis to the City, CF Capybara (defined below), and Developer, respectively, as required under the CF Reimbursement Agreement and the Developer Reimbursement Agreement (both described below), in an amount that represents each entity's proportionate share as of the date of reimbursement. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2023, the City has not made a contribution pursuant to the City Reimbursement Agreement.

Capybara Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement dated April 30, 2019 (the CF Reimbursement Agreement), with CF Capybara COS LLC (CF Capybara) pursuant to which CF Capybara agreed to construct, or cause the construction of, and to fund an amount equal to 50% of the total cost identified in a development agreement dated April 30, 2019, as amended (the CF Capybara Contribution). The District agreed to reimburse CF Capybara for verified costs up to the amount of the CF Capybara Contribution, together with interest thereon. Simple interest accrues from the date of deposit of the CF Capybara Contribution at the rate of 7% per annum until paid. Any reimbursement made under the CF Capybara Reimbursement Agreement is required to be made to CF Capybara, the City, and Developer, respectively, on a pari passu basis to reimbursements made under the City Reimbursement Agreement and the Developer Reimbursement Agreement, in an amount that represents each entity's proportionate share as of the date of reimbursement. The District's obligation to reimburse expires on December 31, 2059.

As of December 31, 2023, CF Capybara has not made a contribution pursuant to this CF Reimbursement Agreement.

Colorado Springs Utilities Agreement and Bill of Sale for Water or Wastewater Facilities

On March 21, 2023 the District entered into the Colorado Springs Utilities Agreement and Bill of Sale for Water or Wastewater Facilities with Colorado Springs Utilities (Utilities), an enterprise of the City of Colorado Springs with regard to the Peak Lift Station (Facilities). This Agreement sets forth the procedure by which the ownership of the Facilities will transfer from the District to Utilities.

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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

PEAK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 SUBSEQUENT EVENT

On March 28, 2024 the District, District No. 2, and District No. 3 entered into a First Amendment to the Mill Levy Limitation Agreement, effective January 1, 2024, the purpose of which is to set forth the agreement of the Districts relative to the process by which District No. 2 will advance funds to the District and District No. 3 for Operation Shortfalls (defined therein) and for the District and District No. 3 to reimburse District No. 2.

SUPPLEMENTARY INFORMATION

**PEAK METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 117,849	\$ 397,691	\$ 279,842
Specific Ownership Taxes	11,785	12,355	570
Interest Income	44,000	233,253	189,253
PILOT Revenue	414,104	8,195	(405,909)
Total Revenues	<u>587,738</u>	<u>651,494</u>	<u>63,756</u>
EXPENDITURES			
County Treasurer's Fee	1,768	5,964	(4,196)
Paying Agent Fees	7,000	7,000	-
Bond Interest Series 2021A	1,873,550	1,873,550	-
Contingency	7,682	-	7,682
Total Expenditures	<u>1,890,000</u>	<u>1,886,514</u>	<u>3,486</u>
NET CHANGE IN FUND BALANCE	(1,302,262)	(1,235,020)	67,242
Fund Balance - Beginning of Year	<u>5,306,690</u>	<u>5,353,392</u>	<u>46,702</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,004,428</u>	<u>\$ 4,118,372</u>	<u>\$ 113,944</u>

**PEAK METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Intergovernmental Revenues	\$ -	\$ 20,049,838	\$ 3,826	\$ (20,046,012)
Interest Income	176,000	801,906	783,594	(18,312)
Other Revenue	-	4,218,698	-	(4,218,698)
Total Revenues	<u>176,000</u>	<u>25,070,442</u>	<u>787,420</u>	<u>(24,283,022)</u>
EXPENDITURES				
Accounting	43,000	43,000	40,147	2,853
Engineering	74,800	80,000	59,865	20,135
Legal	86,400	75,000	66,286	8,714
Capital Outlay	9,999,354	7,500,000	8,284,306	(784,306)
Capital Outlay - Rodeo	-	17,796,932	-	17,796,932
Capital Outlay - Jungle	-	7,788,755	-	7,788,755
Contingency	-	126,935	-	126,935
Total Expenditures	<u>10,203,554</u>	<u>33,410,622</u>	<u>8,450,604</u>	<u>24,960,018</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,027,554)	(8,340,180)	(7,663,184)	676,996
OTHER FINANCING SOURCES (USES)				
Developer Contribution	-	1,500,000	-	(1,500,000)
Developer Advance	-	480,882	-	(480,882)
Repay Developer Advance	(10,000,000)	-	-	-
Reimbursement Agreement - Capybara	-	(3,589,378)	-	3,589,378
Reimbursement Agreement - Airport	-	(3,000,000)	-	3,000,000
Total Other Financing Sources (Uses)	<u>(10,000,000)</u>	<u>(4,608,496)</u>	<u>-</u>	<u>4,608,496</u>
NET CHANGE IN FUND BALANCE	(20,027,554)	(12,948,676)	(7,663,184)	5,285,492
Fund Balance - Beginning of Year	<u>20,027,554</u>	<u>18,490,220</u>	<u>18,490,220</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 5,541,544</u>	<u>\$ 10,827,036</u>	<u>\$ 5,285,492</u>

OTHER INFORMATION

PEAK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$38,495,000 Limited Tax General Obligation Bonds
Series 2021A

Interest Rate: 4.000% to 5.000%

Date: March 23, 2021

Interest Payable June 1 and December 1

Principal Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,873,550	\$ 1,873,550
2025	-	1,873,550	1,873,550
2026	260,000	1,873,550	2,133,550
2027	270,000	1,863,150	2,133,150
2028	370,000	1,852,350	2,222,350
2029	385,000	1,837,550	2,222,550
2030	490,000	1,822,150	2,312,150
2031	510,000	1,802,550	2,312,550
2032	620,000	1,782,150	2,402,150
2033	645,000	1,757,350	2,402,350
2034	770,000	1,731,550	2,501,550
2035	800,000	1,700,750	2,500,750
2036	930,000	1,668,750	2,598,750
2037	980,000	1,622,250	2,602,250
2038	1,130,000	1,573,250	2,703,250
2039	1,185,000	1,516,750	2,701,750
2040	1,355,000	1,457,500	2,812,500
2041	1,425,000	1,389,750	2,814,750
2042	1,605,000	1,318,500	2,923,500
2043	1,685,000	1,238,250	2,923,250
2044	1,890,000	1,154,000	3,044,000
2045	1,985,000	1,059,500	3,044,500
2046	2,205,000	960,250	3,165,250
2047	2,315,000	850,000	3,165,000
2048	2,560,000	734,250	3,294,250
2049	2,685,000	606,250	3,291,250
2050	2,950,000	472,000	3,422,000
2051	6,490,000	324,500	6,814,500
Total	<u>\$ 38,495,000</u>	<u>\$ 39,715,950</u>	<u>\$ 78,210,950</u>

PEAK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Assessed Valuation	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2021	\$ -	0.000	0.000	0.000	\$ -	\$ -	- %
2022	150	1.000	37.000	38.000	6	6	100.00
2023	3,185,100	2.000	37.000	39.000	124,219	419,196	337.47
Estimated for Year Ending December 31, 2024	\$ 16,513,020	2.080	38.497	40.577	\$ 670,049		

Note:
Property taxes collected in any one year include collection of delinquent

Source: El Paso County Assessor and Treasurer.

ANNUAL DISCLOSURE

**PEAK METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
ASSESSED VALUATION OF ALL CLASSES OF PROPERTY**

<u>Property Class</u>	<u>Actual Valuation</u>	<u>Total Assessed Valuation ⁽²⁾</u>	<u>Percentage of Taxpayer/ Assessed Valuation</u>
Valuation Year - 2023:			
Vacant	\$ 85,050	\$ 23,730	0.14%
Commercial	59,038,040	16,471,630	99.75
State Assessed	<u>63,300</u>	<u>17,660</u>	<u>0.11</u>
Total	<u>\$ 59,186,390</u>	<u>\$ 16,513,020</u>	<u>100%</u>

(2) The assessed valuation presented was certified as of December 2023

**PEAK METROPOLITAN DISTRICT NO. 1
DEBT TO ASSESSED RATIO
YEAR ENDED DECEMBER 31, 2023**

<u>Property Class</u>	<u>Total Debt</u>	<u>Senior Debt</u>
Direct Debt	\$ 43,450,000	\$ 38,495,000
2023 Certified Assessed Valuation	16,513,020	16,513,020
Ratio of Direct Debt to 2023 Certified Assessed Valuation	263%	233%