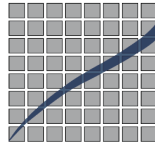


GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2023



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Gold Hill Mesa Metropolitan District No. 1

El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Gold Hill Mesa Metropolitan District No. 1 ("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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, the respective changes in financial position, and the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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, 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinions on the basic financial statements are not affected by this missing information.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 22, 2024

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GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 73,832
Cash and investments - restricted	15,600
Prepaid expenses	7,912
Accounts receivable	54,581
Intergovernmental receivable - District No. 2	39,724
Total assets	<u>191,649</u>
<u>LIABILITIES</u>	
Accounts payable	13,711
Noncurrent liabilities:	
Due in more than one year	<u>2,690,941</u>
Total liabilities	<u>2,704,652</u>
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	15,600
Unrestricted	<u>(2,528,603)</u>
Total net position	<u>\$ (2,513,003)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
DECEMBER 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>(Expenses) Revenues and Changes in Net Position</u>
<u>FUNCTIONS / PROGRAMS</u>					<u>Governmental Activities</u>
Primary government					
Government activities:					
General government	\$ 519,485	\$ -	\$ -	\$ -	\$ (519,485)
Interest and related costs on long-term debt	71,077	-	-	-	(71,077)
Total government activities	<u>\$ 590,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(590,562)</u>
<u>GENERAL REVENUES</u>					
Landscaping and snow removal fees					378,468
Total general revenues					<u>378,468</u>
Capital assets conveyed to Gold Hill Mesa Metropolitan District No. 2					<u>(9,095,305)</u>
Change in net position					<u>(9,307,399)</u>
Net position, beginning of year					<u>6,794,396</u>
Net position, end of year					<u>\$ (2,513,003)</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and investments	\$ 73,832	\$ 73,832
Cash and investments - restricted	15,600	15,600
Prepaid expenses	7,912	7,912
Accounts receivable	54,581	54,581
Intergovernmental receivable - District No. 2	39,724	39,724
Total assets	\$ 191,649	\$ 191,649
<u>LIABILITIES</u>		
Accounts payable	\$ 13,711	\$ 13,711
Total liabilities	13,711	13,711
<u>FUND BALANCES</u>		
Nonspendable:		
Prepaid expenses	7,912	7,912
Restricted for:		
Emergency reserve	15,600	15,600
Unassigned:		
Unrestricted	154,426	154,426
Total fund balances	177,938	177,938
Total liabilities and fund balances	\$ 191,649	

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

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

Developer advances	(2,276,094)
Developer advances accrued interest	(414,847)
Net position of governmental activities	\$ (2,513,003)

The accompanying notes and independent auditor's report
should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>		
Landscaping and snow removal fees	\$ 378,468	\$ 378,468
Total revenues	<u>378,468</u>	<u>378,468</u>
<u>EXPENDITURES</u>		
Current:		
Bank charges	156	156
Dues and subscriptions	1,258	1,258
Insurance	8,074	8,074
Landscaping	264,968	264,968
Management fees	82,869	82,869
Professional fees	45,007	45,007
Snow removal	888	888
Stormwater fees	5,104	5,104
Utilities	102,378	102,378
Capital outlay	8,383	8,383
Total expenditures	<u>519,085</u>	<u>519,085</u>
Net change in fund balances	(140,617)	(140,617)
Fund balances, beginning of year	<u>318,555</u>	<u>318,555</u>
Fund balances, end of year	<u>\$ 177,938</u>	<u>\$ 177,938</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2023

Net change in fund balances \$ (140,617)

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 assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

<u>Capital outlay</u>	8,383
<u>Capital assets conveyed to other governments</u>	(9,095,305)
<u>Depreciation</u>	(8,783)

Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

<u>Change in accrued interest on developer advances</u>	<u>(71,077)</u>
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<u>Change in net position</u>	<u><u>\$ (9,307,399)</u></u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGET AND ACTUAL)
DECEMBER 31, 2023

	Original Budget	Actual	Variance
<u>REVENUES</u>			
Landscaping and snow removal fees	\$ 375,046	\$ 378,468	\$ 3,422
Intergovernmental revenue - District No. 2	247,268	-	(247,268)
Total revenues	622,314	378,468	(243,846)
<u>EXPENDITURES</u>			
Bank charges	-	156	(156)
Contingency	9,850	-	9,850
Dues and subscriptions	1,500	1,258	242
Election expense	7,000	-	7,000
Insurance	12,500	8,074	4,426
Landscaping	255,000	264,968	(9,968)
Management fees	38,000	82,869	(44,869)
Miscellaneous	2,000	-	2,000
Professional fees	67,150	45,007	22,143
Snow removal	10,000	888	9,112
Stormwater fees	-	5,104	(5,104)
Utilities	148,000	102,378	45,622
Underdrainage	72,000	-	72,000
Capital outlay	-	8,383	(8,383)
Total expenditures	623,000	519,085	103,915
Excess of revenues over expenditures	(686)	(140,617)	(139,931)
<u>OTHER FINANCING SOURCES AND USES</u>			
Repayment of developer advances	(100,000)	-	100,000
Total other financing sources and uses	(100,000)	-	100,000
Net change in fund balance	<u>\$ (100,686)</u>	(140,617)	<u>\$ (39,931)</u>
Fund balance, beginning of year		318,555	
Fund balance, end of year		<u>\$ 177,938</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. DEFINITION OF REPORTING ENTITY

Gold Hill Mesa Metropolitan District No. 1 ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs ("City"), El Paso County, Colorado, on November 9, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The preliminary Consolidated Service Plan, approved by the City of Colorado Springs on September 14, 2004, formed the Gold Hill Mesa Metropolitan District Nos. 1-3 ("Districts") as 'shell districts' which could not operate until an amended service plan was approved. The Amended Consolidated Service Plan was approved by the City on July 11, 2006. The Districts' service area is located entirely within the City. The District was organized in conjunction with two other related districts, Gold Hill Mesa Metropolitan District No. 2 ("District No. 2"), and Gold Hill Mesa Metropolitan District No. 3 ("District No. 3"), the financing districts. The District will own (subject to dedication of improvements to the City), operate, maintain and construct facilities benefiting all three Districts, and District No. 2 and District No. 3 will contribute to the costs of construction, operation, and maintenance of such facilities. The District was established to provide the following services: parks and recreation, sanitary sewer, storm drainage, streets, traffic and safety protection, water, mosquito control, television relay, and transportation facilities.

During the year ended December 31, 2023, the District's board of directors approved a resolution to begin the dissolution of the District. As a result, the District has begun the process of dissolution, including transferring capital assets to District No. 2, but has not completed the dissolution process as of December 31, 2023.

The District follows 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the activities of the District. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Measurement focus, basis of accounting, and financial statement position

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 when they are both measurable and available. Revenues are considered to be available when they are collectable 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 taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, 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.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column 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 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, as follows:

Drainage improvements	15 years
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Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Net position and fund balances

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 balances

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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	\$ 73,832
Cash and investments - restricted	<u>15,600</u>
	<u>\$ 89,432</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2023, are as follows:

Deposits with financial institutions	<u>\$ 89,432</u>
	<u>\$ 89,432</u>

Deposits with financial institutions

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. The 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 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.

As of December 31, 2023, the District's cash deposits had a bank balance of \$89,432 and a carrying balance of \$89,432.

Investments

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

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

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2023, the District had no investments.

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, is as follows:

	Balance 01-01-23	Additions	Dispositions	Reclassifications	Balance 12-31-23
<u>Governmental activities</u>					
Capital assets, depreciable:					
Underdrainage improvements	\$ 164,121	\$ -	\$ (164,121)	\$ -	\$ -
Total capital assets, depreciable	164,121	-	(164,121)	-	-
Less accumulated depreciation for:					
Underdrainage improvements	(72,357)	(8,783)	81,140	-	-
Total accumulated depreciation	(72,357)	(8,783)	81,140	-	-
Capital assets, depreciable	<u>\$ 91,764</u>	<u>\$ (8,783)</u>	<u>\$ (82,981)</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets, not depreciable:					
Construction in progress	\$ 9,003,941	\$ 8,383	\$ (9,012,324)	\$ -	\$ -
Capital assets, not depreciable	<u>\$ 9,003,941</u>	<u>\$ 8,383</u>	<u>\$ (9,012,324)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2023, totaled \$8,783.

Capital assets conveyed to Gold Hill Mesa Metropolitan District No. 2 for the year ended December 31, 2023 totaled \$9,095,305.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2023:

	Balance 01-01-23	Additions	Repayments / Amortization	Balance 12-31-23	Due Within One Year
<u>Governmental activities</u>					
Long-term obligations:					
Developer advances	\$ 2,276,094	\$ -	\$ -	\$ 2,276,094	\$ -
Accrued interest on developer advances	343,770	71,077	-	414,847	-
Total long-term obligations	<u>\$ 2,619,864</u>	<u>\$ 71,077</u>	<u>\$ -</u>	<u>\$ 2,690,941</u>	<u>\$ -</u>

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Debt authorization

As of December 31, 2023, the Districts' debt authorized, authorization used, and amounts authorized but unissued are as follows:

	<u>Electoral Authorization</u>	<u>Service Plan Authorization</u>
Amount authorized:	\$ 113,000,000	\$ 57,000,000
Authorization used by District No. 2:		
Series 2011A Senior Loan	(2,640,000)	(2,640,000)
Series 2011B Senior Loan	(1,720,000)	(1,720,000)
Series 2011C Bonds	(2,160,000)	(2,160,000)
Series 2011D Bonds	(3,157,000)	(3,157,000)
2011 Loan Refunding	-	4,360,000
Series 2011C Refunding	-	2,160,000
Series 2011D Refunding	-	3,157,000
2015 Loan	(6,360,000)	(6,360,000)
2015 Loan Refunding	-	6,360,000
Series 2022A Bonds	(12,525,000)	(12,525,000)
Series 2022B(3) Bonds	(4,847,000)	(4,847,000)
Authorized but unissued indebtedness	<u>\$ 79,591,000</u>	<u>\$ 39,628,000</u>

On November 2, 2004, the Districts' voters authorized the issuance of indebtedness at an interest rate not to exceed 18%. The amended consolidated service plan set the maximum mill levy at 30 mills as adjusted for changes in the ratio of actual value to assessed value of property within the District.

Developer advances

On August 4, 2011, the District entered into a restated reimbursement agreement; with District No. 2; District No. 3; Gold Hill Mesa Township LLC; Gold Hill Mesa Partners, LLC; and Gold Hill Neighborhood LLC, in which the District agreed to repay advances made by the developers. Such advances include paying district formation costs, operations and maintenance, paying improvements directly, or advancing monies to the District for such purposes. The District agreed to repay for such advances plus accrued interest at a rate set forth at the time of initial bond issuance. The interest rate established by the Series 2011A Loan as issued by District No. 2 is 3.08% per annum. As of December 31, 2023, the outstanding developer advance totaled \$2,276,094 and accrued interest totaled \$414,847.

Subsequent to December 31, 2023, the District received an additional advance of \$100,000 under the developer advance agreement.

6. NET POSITION

The District has net position consisting of: restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023 as follows:

Restricted net position:	
Emergency reserve (Note 10)	<u>\$ 15,600</u>
	<u>\$ 15,600</u>

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

The District has a deficit in unrestricted net position as of December 31, 2023. This deficit is the result of the District transferring all real property to District No. 2, and which costs were removed from the District's financial records.

7. AGREEMENTS

Memorandum of understanding: landscaping and snow removal and water fee

Effective January 1, 2016, the District entered into an agreement with the Townes at Gold Hill Mesa Condominium Association, Inc. (the "Association") to establish District fees for water usage, landscaping, and snow removal. The water, landscaping, and snow removal fees are recurring fees due on a monthly basis. The water fee of \$2.80 and the landscaping and snow removal fee of \$17.00 are assessed against each residential unit and declarant in the Association. The fees apply to all residential units constructed within Association's boundaries to provide payment for the operations and maintenance costs provided by the District.

In November 2023, District No. 2's board approved these fees for District No. 2 also.

Intergovernmental agreement

On May 31, 2006, and November 30, 2006, the District entered into an Intergovernmental Agreement ("IGA") with District No. 2 and District No. 3 ("Financing Districts"), the IGA provides that the District, as the operating district, is to operate, maintain, finance, and construct facilities benefiting the three Districts, and that the Financing Districts will contribute to the costs of construction, operation, and maintenance of such facilities. The Districts have agreed to finance such activities by either issuing debt and/or pledging certain revenues collected within the boundaries of the Financing Districts. On September 16, 2011, District No. 2 issued loans and bonds and transferred the proceeds to the District. The District used those proceeds to repay the developers for capital construction paid directly by the developers as part of the restated reimbursement agreement entered into as part of District No. 2's issuance of the Series 2011 Loan and Bonds.

8. RELATED PARTIES

The developers of the property within the District include Gold Hill Mesa Township LLC; Gold Hill Mesa Partners LLC; and Gold Hill Neighborhood LLC. The members of the board of directors are officers, employees, or associated with the developers and may have conflicts of interest in dealing with the District.

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 ("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.

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 within the state of Colorado.

See independent auditor's report.

GOLD HILL MESA METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

On November 2, 2004, the District's voters authorized the District to increase property taxes \$1,000,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue 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.

District management believes the District 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 likely require judicial interpretation.

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See independent auditor's report.