

**BANNING LEWIS RANCH
METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Banning Lewis Ranch Metropolitan District No. 1

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Banning Lewis Ranch Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2024, 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, 2024, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information 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 we do not express an opinion or provide any assurance thereon.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
August 29, 2025

BASIC FINANCIAL STATEMENTS

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,643,074
Cash and Investments - Restricted	291,200
Accts Receivable - OA Fees BLR MD No. 2	137,974
Accts Receivable - OA Fees BLR MD No. 3	146,587
Accts Receivable - OA Fees BLR MD No. 4	290,760
Accts Receivable - OA Fees BLR MD No. 5	127,024
Accts Receivable - OA Fees BLR MD No. 8	42,421
Metro Service Fees - Village A1 - Receivable	900
Due from Other Districts - BLR MD No. 2	22,305
Due from Other Districts - BLR MD No. 3	42,786
Due from Other Districts - BLR MD No. 4	64,975
Due from Other Districts - BLR MD No. 5	11,726
Due from Other Districts - BLR MD No. 8	15,080
Due from Other Districts - BLR Foundation	173
Prepaid Insurance	145,418
Capital Assets:	
Capital Assets Not Being Depreciated:	
Construction in Progress	20,915,862
Capital Assets Net of Depreciation:	
Parks and Recreation	11,288,550
Recreation Center	5,475,571
Total Assets	42,662,386
LIABILITIES	
Accounts Payable	1,148,741
Landscape Deposit	501,250
Prepaid Assessments - BLR MD No. 2	18,722
Prepaid Assessments - BLR MD No. 3	19,796
Prepaid Assessments - BLR MD No. 4	19,959
Prepaid Assessments - BLR MD No. 5	5,026
Prepaid Assessments - BLR MD No. 8	6,624
Metro Service Fees Payable	11,100
Total Liabilities	1,731,218
NET POSITION	
Net Investment in Capital Assets	19,289,928
Restricted for:	
Emergency Reserve	291,200
Unrestricted	21,350,040
Total Net Position	\$ 40,931,168

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government, Including Depreciation	\$ 9,931,537	\$ 6,026,006	\$ 3,475,367	\$ -	\$ (430,164)
Intergovernmental Revenues:					
BLR MD No. 2 - Capital Outlay	-	-	-	7,800	7,800
BLR MD No. 5 - Capital Outlay	-	-	-	5,446	5,446
BLR MD No. 8 - Capital Outlay	-	-	-	1,785,091	1,785,091
Total Governmental Activities	<u>\$ 9,931,537</u>	<u>\$ 6,026,006</u>	<u>\$ 3,475,367</u>	<u>\$ 1,798,337</u>	1,368,173
 GENERAL REVENUES					
Interest Income					180,528
Design Review Fee - Revenue					16,375
Other Revenue					5,374
Total General Revenues and Transfers					202,277
 CHANGES IN NET POSITION					
					1,570,450
Net Position - Beginning of Year					39,360,718
 NET POSITION - END OF YEAR					
					\$ 40,931,168

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 3,643,074	\$ -	\$ 3,643,074
Cash and Investments - Restricted	291,200	-	291,200
Accts Receivable - OA Fees BLR MD No. 2	137,974	-	137,974
Accts Receivable - OA Fees BLR MD No. 3	146,587	-	146,587
Accts Receivable - OA Fees BLR MD No. 4	290,760	-	290,760
Accts Receivable - OA Fees BLR MD No. 5	127,024	-	127,024
Accts Receivable - OA Fees BLR MD No. 8	42,421	-	42,421
Metro Service Fees - Village A1 - Receivable	900	-	900
Due from Other Districts - BLR MD No. 2	22,305	-	22,305
Due from Other Districts - BLR MD No. 3	42,786	-	42,786
Due from Other Districts - BLR MD No. 4	64,975	-	64,975
Due from Other Districts - BLR MD No. 5	11,726	-	11,726
Due from Other Districts - BLR MD No. 8	8,731	6,349	15,080
Due from Other Districts - BLR Foundation	173	-	173
Due from Other Funds	6,349	-	6,349
Prepaid Insurance	145,418	-	145,418
	<u>\$ 4,982,403</u>	<u>\$ 6,349</u>	<u>\$ 4,988,752</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,148,741	\$ -	\$ 1,148,741
Due to Other Funds	-	6,349	6,349
Landscape Deposit	501,250	-	501,250
Prepaid Assessments - BLR MD No. 2	18,722	-	18,722
Prepaid Assessments - BLR MD No. 3	19,796	-	19,796
Prepaid Assessments - BLR MD No. 4	19,959	-	19,959
Prepaid Assessments - BLR MD No. 5	5,026	-	5,026
Prepaid Assessments - BLR MD No. 8	6,624	-	6,624
Metro Service Fees Payable	11,100	-	11,100
Total Liabilities	<u>1,731,218</u>	<u>6,349</u>	<u>1,737,567</u>
FUND BALANCES			
Nonspendable:			
Prepaid Expense	145,418	-	145,418
Restricted for:			
Emergency Reserves	291,200	-	291,200
Assigned to:			
Subsequent Year's Expenditures	1,192,527	-	1,192,527
The Retreat	888,005	-	888,005
Unassigned:			
General Government	734,035	-	734,035
Total Fund Balances	<u>3,251,185</u>	<u>-</u>	<u>3,251,185</u>
Total Liabilities and Fund Balances	<u>\$ 4,982,403</u>	<u>\$ 6,349</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.

Capital Assets, Net	37,679,983
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Net Position of Governmental Activities	\$ 40,931,168
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See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Capital Projects	Total Governmental Funds
REVENUES			
Village 1	\$ 926,398	\$ -	\$ 926,398
Village 2E	618,723	-	618,723
Village 2E Bungalow	196,780	-	196,780
Village 2E Carriage	637,440	-	637,440
Village 2W	682,609	-	682,609
Village 2W Carriage	412,400	-	412,400
Village 3E Carriage	298,484	-	298,484
Village 3E Duets / Homes	265,532	-	265,532
Operating Fees - Village 3W The Retreat	1,368,741	-	1,368,741
Village A1 Duets	72,860	-	72,860
Village B1	142,729	-	142,729
Village B1 Carriage	115,660	-	115,660
Late Fees/Penalties	75,119	-	75,119
Interest Income	180,528	-	180,528
Metro Service Fees - Village A1	15,000	-	15,000
Other Revenue	5,374	-	5,374
Design Review Fee - Revenue	16,375	-	16,375
Ranch House Rentals	26,601	-	26,601
YMCA Program Revenues	90,558	-	90,558
Rental Fees	1,070	-	1,070
Event Fees	9,822	-	9,822
Garden Plot Fees	570	-	570
Access Card Fees	170	-	170
Retreat Allocation - Ranch Pass - Revenue	68,740	-	68,740
Intergovernmental - O&M Taxes BLR MD No. 2	850,200	-	850,200
Intergovernmental Revenue - BLR MD No. 2	-	7,800	7,800
Intergovernmental - O&M Taxes BLR MD No. 3	897,252	-	897,252
Intergovernmental - O&M Taxes BLR MD No. 4	1,171,661	-	1,171,661
Intergovernmental - O&M Taxes BLR MD No. 5	348,223	-	348,223
Intergovernmental Revenue - BLR MD No. 5	-	5,446	5,446
Intergovernmental - O&M Taxes BLR MD No. 8	208,031	-	208,031
Intergovernmental Revenue - BLR MD No. 8	-	1,785,091	1,785,091
Total Revenues	\$ 9,703,650	\$ 1,798,337	\$ 11,501,987

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	General	Capital Projects	Total Governmental Funds
EXPENDITURES			
Current:			
Accounting	\$ 240,436	\$ 11,042	\$ 251,478
Auditing	32,450	-	32,450
Banking Fees	79	-	79
Billing	359,079	-	359,079
Community Management	263,039	-	263,039
Design Review Fee - Expense	40,396	-	40,396
Directors' Fees	900	-	900
District Management	485,550	-	485,550
Dues and Membership	3,208	-	3,208
Election	675	-	675
Fence Repairs	1,650	7,800	9,450
Insurance	84,408	-	84,408
Legal	154,283	-	154,283
Litigation Expense	112,108	-	112,108
Mailbox Repairs (S&K)	2,323	-	2,323
Miscellaneous	14,000	-	14,000
Payroll Taxes	69	-	69
Repairs and maintenance	26,282	-	26,282
Reserve Study	11,000	-	11,000
Sidewalk Repairs	21,600	-	21,600
Street Repair and Maintenance	58,399	-	58,399
Trash Collection	738,675	-	738,675
Retreat Allocation - Ranch Pass - Expense	68,740	-	68,740
The Barn - Facility And Site	105,618	-	105,618
The Barn - Utilities	20,869	-	20,869
Landscape Maintenance	2,368,569	-	2,368,569
Landscape Maintenance - Carriage	1,115,874	-	1,115,874
Utilities	1,006,383	-	1,006,383
Recreation Center	758,412	-	758,412
Swimming Pools	438,072	-	438,072
The Retreat - Recreation Center	427,521	-	427,521
The Retreat - Swimming Pool	28,482	-	28,482
Special Projects	200,241	-	200,241
Capital Projects:			
Capital Outlay	-	1,779,495	1,779,495
Total Expenditures	9,189,390	1,798,337	10,987,727
NET CHANGE IN FUND BALANCES	514,260	-	514,260
Fund Balances - Beginning of Year	2,736,925	-	2,736,925
FUND BALANCES - END OF YEAR	\$ 3,251,185	\$ -	\$ 3,251,185

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH 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, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ 514,260
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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	1,779,495
Depreciation Expense	<u>(723,305)</u>

Changes in Net Position of Governmental Activities	<u>\$ 1,570,450</u>
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**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Village 1	\$ 926,398	\$ 926,398	\$ -
Village 2E	619,241	618,723	(518)
Village 2E Bungalow	196,780	196,780	-
Village 2E Carriage	636,394	637,440	1,046
Village 2W	682,609	682,609	-
Village 2W Carriage	412,400	412,400	-
Village 3E Carriage	247,021	298,484	51,463
Village 3E Duets / Homes	265,532	265,532	-
Operating Fees - Village 3W The Retreat	1,532,736	1,368,741	(163,995)
Village A1 Duets	10,374	72,860	62,486
Village B1	91,291	142,729	51,438
Village B1 Carriage	75,362	115,660	40,298
Late Fees/Penalties	53,000	75,119	22,119
Interest Income	120,000	180,528	60,528
Metro Service Fees - Village A1	-	15,000	15,000
Other Revenue	30,000	5,374	(24,626)
Design Review Fee - Revenue	30,000	16,375	(13,625)
Ranch House Rentals	15,000	26,601	11,601
YMCA Program Revenues	110,375	90,558	(19,817)
Rental Fees	3,000	1,070	(1,930)
Event Fees	-	9,822	9,822
Garden Plot Fees	-	570	570
Access Card Fees	-	170	170
Retreat Allocation - Ranch Pass - Revenue	74,592	68,740	(5,852)
Intergovernmental - O&M Taxes BLR MD No. 2	852,914	850,200	(2,714)
Intergovernmental - O&M Taxes BLR MD No. 3	872,840	897,252	24,412
Intergovernmental - O&M Taxes BLR MD No. 4	1,082,847	1,171,661	88,814
Intergovernmental - O&M Taxes BLR MD No. 5	334,996	348,223	13,227
Intergovernmental - O&M Taxes BLR MD No. 8	204,318	208,031	3,713
Reimbursed Expenditures	40,000	-	(40,000)
Total Revenues	\$ 9,520,020	\$ 9,703,650	\$ 183,630

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Accounting	\$ 358,500	\$ 240,436	\$ 118,064
Auditing	44,500	32,450	12,050
Banking Fees	-	79	(79)
Billing	359,102	359,079	23
Community Management	241,073	263,039	(21,966)
Concrete Repairs	10,000	-	10,000
Design Review Fee - Expense	32,000	40,396	(8,396)
Directors' Fees	10,000	900	9,100
District Management	545,000	485,550	59,450
Dues and Membership	6,000	3,208	2,792
Election	-	675	(675)
Fence Repairs	20,000	1,650	18,350
Insurance	164,000	84,408	79,592
Legal	265,000	154,283	110,717
Litigation Expense	-	112,108	(112,108)
Mailbox Repairs (S&K)	5,000	2,323	2,677
Miscellaneous	21,000	14,000	7,000
Payroll Taxes	600	69	531
Repairs and Maintenance	20,000	26,282	(6,282)
Reserve Study	-	11,000	(11,000)
Sidewalk Repairs	5,000	21,600	(16,600)
Street Repair and Maintenance	5,000	58,399	(53,399)
Trash Collection	734,159	738,675	(4,516)
Underdrain Scope	25,000	-	25,000
Website	14,500	-	14,500
Retreat Allocation - Ranch Pass - Expense	74,592	68,740	5,852
The Barn - Facility And Site	103,000	105,618	(2,618)
The Barn - Utilities	80,000	20,869	59,131
Landscape Maintenance	2,656,985	2,368,569	288,416
Landscape Maintenance - Carriage	533,600	1,115,874	(582,274)
Utilities	1,141,780	1,006,383	135,397
Recreation Center	744,267	758,412	(14,145)
Swimming Pools	461,799	438,072	23,727
The Retreat - Recreation Center	452,969	427,521	25,448
The Retreat - Swimming Pool	215,000	28,482	186,518
Special Projects	510,790	200,241	310,549
Total Expenditures	<u>9,860,216</u>	<u>9,189,390</u>	<u>670,826</u>
NET CHANGE IN FUND BALANCE	(340,196)	514,260	854,456
Fund Balance - Beginning of Year	<u>3,182,323</u>	<u>2,736,925</u>	<u>(445,398)</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,842,127</u>	<u>\$ 3,251,185</u>	<u>\$ 409,058</u>

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Banning Lewis Ranch Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized concurrently with Banning Lewis Ranch Metropolitan District Nos. 2 – 5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), and 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2) (collectively, the Districts and Regional Districts) by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado, on December 1, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the City of Colorado Springs, El Paso County, Colorado (the City). District Nos. 1 – 5 operate under an Amended and Restated Consolidated Service Plan to provide financing for the design, acquisition, installation, and construction of public improvements and services, including street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control, and television relay. Pursuant to the Consolidated Service Plan, the District is intended to serve as the Operating District related to District Nos. 2 – 5 and the Regional Districts, which are the Taxing Districts.

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 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 operations and administrative functions are contracted.

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 of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District is reported as net position.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 instead as general revenues.

Separate financial statements are provided for 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 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 and District Operating Fees. 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 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.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 annual budget for the year ended December 31, 2024.

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 and investments.

District Service Fees

During 2024, the District collected a service fee of \$86.45 per month from the homeowners of Northtree Village No. 1 in District No. 2, Northtree Village No. 2 West in District No. 3, Northtree Village No. 2 East in District No. 4, and Village B1 in District No. 8. The service fees charged help pay the costs of trash removal and recycling and cover a portion of the recreation center expenditures.

During 2024, the District collected service fees of \$174.45 per month from homeowners of the Carriage House, Bungalows, and Townhomes in District Nos. 3, 4, and 8 to pay for costs of trash removal and recycling, to cover a portion of the recreation center expenditures, and to cover the costs of front yard landscaping, maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric).

During 2024, the District collected service fees of \$179.90 per month from homeowners of the Village 3 East in District No. 4 and Ascent homes in Village A1 in District No. 8 and the District collected service fees of \$288.00 per month from the homeowners of the Village 3 West in District No. 5 to pay for costs of trash removal and recycling, to cover a portion of the recreation center expenditures, and to cover the costs of front yard landscaping, maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric).

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, 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. 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 net investment in capital assets component of the District's net position.

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 fixed assets, as applicable. Until either construction is completed for the capital assets that the District will operate and maintain or until such time capital assets are conveyed to the city, capital assets of the District are recorded as construction in progress.

Depreciation expense has been computed on the Recreation Centers and on Parks and Recreation using the straight-line method over the estimated economic useful life of 30 years.

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.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,643,074
Cash and Investments - Restricted	291,200
Total Cash and Investments	\$ 3,934,274

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	\$ 905,350
Investments	3,028,924
Total Cash and Investments	\$ 3,934,274

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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. 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.

At December 31, 2024, the District's cash deposits had a bank balance of \$905,350 and a carrying balance of \$905,350.

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 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, and securities of the World Bank
- . 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 and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . * Local government investment pools

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 3,028,924</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	CIP Transfer	Balance at December 31, 2024
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Construction in Progress	\$ 20,089,948	\$ 1,779,495	\$ -	\$ (953,581)	\$ 20,915,862
Total Capital Assets, Not Being Depreciated	20,089,948	1,779,495	-	(953,581)	20,915,862
Capital Assets, Being Depreciated:					
Parks and Recreation	13,534,668	-	-	9,660	13,544,328
Recreation Center	8,174,525	-	-	943,921	9,118,446
Total Capital Assets, Being Depreciated	21,709,193	-	-	953,581	22,662,774
Less Accumulated Depreciation for:					
Parks and Recreation	(1,804,622)	(451,156)	-	-	(2,255,778)
Recreation Center	(3,370,726)	(272,149)	-	-	(3,642,875)
Total Accumulated Depreciation	(5,175,348)	(723,305)	-	-	(5,898,653)
Total Capital Assets, Being Depreciated, Net	16,533,845	(723,305)	-	-	16,764,121
Governmental Activities Capital Assets, Net	<u>\$ 36,623,793</u>	<u>\$ 1,056,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,679,983</u>

Depreciation expense was charged to the general government function/program of the District for the year ended December 31, 2024 in the amount of \$723,305.

NOTE 5 DEBT AUTHORIZATION

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$929,500,000 for infrastructure improvements and operations, such debt to bear interest at a rate not in excess of 18% per annum.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 DEBT AUTHORIZATION (CONTINUED)

At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 1, 2005	Authorization Used	Authorized but Unissued at December 31, 2024
Street Improvements	\$ 84,500,000	\$ -	\$ 84,500,000
Water	84,500,000	-	84,500,000
Sanitation	84,500,000	-	84,500,000
Traffic and Safety	84,500,000	-	84,500,000
Fire Protection and Ambulance Service	84,500,000	-	84,500,000
Park and Recreation	84,500,000	-	84,500,000
Mosquito Control	84,500,000	-	84,500,000
Television Relay and Translation	84,500,000	-	84,500,000
Public Transportation	84,500,000	-	84,500,000
Operations and Maintenance	84,500,000	-	84,500,000
Debt Refunding	84,500,000	-	84,500,000
Total	<u>\$ 929,500,000</u>	<u>\$ -</u>	<u>\$ 929,500,000</u>

Pursuant to the Consolidated Service Plan, District No. 2 is only permitted to issue debt up to \$84,500,00. Per the amended service plan dated February 26, 2008, District Nos. 3 – 5 were permitted to issue additional debt only at such time that such additional debt is approved by the City and that repayment of such additional debt can be accomplished only to the extent of the maximum permitted residential or commercial mill levy of 30.000 mills and 50.000 mills, respectively, as may be adjusted by a change in the ratio of actual valuation. On November 8, 2016, the Consolidated Service Plan was amended for the sole purpose of allowing District No. 2 to levy an unlimited maximum debt service levy. The service plan does not explicitly permit the District to issue debt.

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 three components – net investment in capital assets, restricted and unrestricted.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NET POSITION (CONTINUED)

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 19,289,928
Net Investment in Capital Assets	\$ 19,289,928

Restricted assets include amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 291,200
Total Restricted Net Position	\$ 291,200

As of December 31, 2024, the District had unrestricted net position of \$21,350,040.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Clayton Properties Group II, Inc., Oakwood Homes. The members of the Board of Directors are officers of, employees of, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District. The District has a service contract with Clayton Properties Group., Oakwoodlife which is related to the Developer. In 2024, per the service contract with Oakwoodlife, the District incurred charges totaling \$437,262 for services provided, the District made payments totaling \$411,612 to Oakwood Homes, and the District owes \$104,733 to Oakwood Homes as of December 31, 2024.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS

Community Center Management and Services Agreements

YMCA

On May 15, 2015, The District entered into a Community Center Management and Services Agreement (the Agreement) with the YMCA of the Pikes Peak Region. A First Amendment to the Agreement on May 15, 2016, a Second Amendment to the Agreement on May 15, 2017, a Third Amendment to the Agreement on January 1, 2018, a Fourth Amendment to the Agreement on January 1, 2019, a Fifth Amendment to the Agreement on January 1, 2020, a Sixth Amendment to the Agreement on January 1, 2021, a Seventh Amendment to the Agreement on January 1, 2022, an Eighth Amendment to the Agreement on January 1, 2023, a Ninth Amendment to the Agreement on January 1, 2024, and a Tenth Amendment to the Agreement on January 1, 2025. The YMCA will provide services to the District to the operation of the District's facilities, including the Northtree Ranch House in Village 1 and Aquatic Center in Village 2 West.

Oakwoodlife

On January 1, 2024, The District entered into a Community Center Management and Services Agreement (the Agreement) with the Clayton Properties Group II, Inc., Oakwood Homes, and also known as Oakwoodlife (Oakwoodlife). The First Amendment to the Agreement was effective on January 1, 2025. Oakwoodlife will provide services to the District to the operation of the District's facilities, including The Barn at The Retreat in Village 3 West. The amended agreement includes an annual contract amount of \$478,613 for the year ending December 31, 2025, payable monthly at \$39,884.

Cooperation Agreement

On July 18, 2019, The District entered into a Cooperation Agreement with Banning Lewis Ranch Metropolitan District No. 2 (District No. 2), Banning Lewis Ranch Metropolitan District No. 3 (District No. 3), Banning Lewis Ranch Metropolitan District No. 4 (District No. 4), and Banning Lewis Ranch Metropolitan District No. 5 (District No. 5) whereas the District is responsible for the operations and maintenance of public improvements and facilities and District Nos. 2-5 are responsible for providing funding for the costs of such operations and maintenance through the imposition of property tax and various fees. An advisory committee is made for the purpose of providing advice related to ongoing operations and maintenance. The advisory committee will consist of representatives appointed by each of District Nos. 2-5 and the District.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

District Facilities Agreements

Banning Lewis Ranch Metropolitan District No. 2

Effective as of January 1, 2007, the District and Banning Lewis Ranch Metropolitan District No. 2 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate, and maintain facilities benefiting both the District and District No. 2. District No. 2 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multifamily unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues District No. 2 may have legally available to pay for such costs.

The District and District No. 2 entered into a joint resolution on January 1, 2013, and amended on January 1, 2016, that imposes service fees on all dwelling units within District No. 2. The fees collected under this resolution are recorded as revenue on the District's financial statements.

Banning Lewis Ranch Metropolitan District No. 3

Effective as of December 1, 2014, and Amended on April 26, 2018 and November 8, 2018, the District and Banning Lewis Ranch Metropolitan District No. 3 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate, and maintain facilities benefiting both the District and District No. 3. District No. 3 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multifamily unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues District No. 3 may have legally available to pay for such costs.

The District and District No. 3 entered into a joint resolution effective January 1, 2016, that imposes service fees on all dwelling units within District No. 3. The fees collected under this resolution are recorded as revenue on District's financial statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

District Facilities Agreements (Continued)

Banning Lewis Ranch Metropolitan District No. 4

Effective as of August 2, 2018, and Amended and Restated as of November 12, 2018, the District and Banning Lewis Ranch Metropolitan District No. 4 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate, and maintain facilities benefiting both the District and District No. 4. District No. 4 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multifamily unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 4 may have legally available to pay for such costs.

As part of the Agreement, the District imposes service fees on all dwelling units within District No. 4. The fees collected under this resolution are recorded as revenue on District No. 1's financial statements.

Banning Lewis Ranch Metropolitan District No. 5

Effective as of August 2, 2018, and Amended and Restated as of November 12, 2018, the District and Banning Lewis Ranch Metropolitan District No. 5 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate, and maintain facilities benefiting both the District and District No. 5. District No. 5 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multifamily unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 5 may have legally available to pay for such costs.

As part of the Agreement, the District imposes service fees on all dwelling units within District No. 5. The fees collected under this resolution are recorded as revenue on District No. 1's financial statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

District Facilities Agreements (Continued)

Banning Lewis Ranch Regional Metropolitan District No. 1

Effective as of November 1, 2018, the District and Banning Lewis Ranch Regional Metropolitan District No. 1 entered into a District Facilities Agreement (Agreement) wherein the District has agreed to construct, own, operate, and maintain facilities benefitting both Regional District No. 1 and the District. Regional District No. 1 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues Regional District No. 1 may have legally available to pay for such costs.

Banning Lewis Ranch Metropolitan District No. 8

Effective as of November 21, 2019, the District and Banning Lewis Ranch Metropolitan District No. 8 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate, and maintain facilities benefitting both the District and District No. 8. District No. 8 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multifamily unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 8 may have legally available to pay for such costs.

The District and District No. 8 entered into a joint resolution effective in 2023, that imposes service fees on all dwelling units within the District. The fees collected under this resolution are recorded as revenue on the District's financial statements.

Advance, Acquisition and Reimbursement Agreements

Banning Lewis Ranch Metropolitan District No. 3

Effective January 1, 2014, District No. 3 entered into an Advance, Acquisition and Reimbursement Agreement (Agreement) with the District and MREC Oakwood Colorado, LLC (Developer) that will allow District No. 3 and the District to acquire completed public improvements from the Developer or, in the alternative, the Developer will advance to the District funds necessary to construct and complete public improvements, which will be constructed and completed by the District. The Developer, in its sole discretion may, but shall not be obligated to, advance funds to District No. 3 to pay the costs of public improvements and any management, operating, and administrative expenses. Any sums advanced to District No. 3 or on behalf of the District prior to the date of this Agreement shall be considered advances pursuant to this Agreement.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

Advance, Acquisition and Reimbursement Agreements (Continued)

Banning Lewis Ranch Metropolitan District No. 3 (Continued)

During 2014, District No. 2 issued bonds. In connection with that bond issuance, District No. 2 entered into a Termination Agreement with the Developer whereby amounts previously advanced to District No. 2 on behalf of the District were deemed fully performed and were terminated and no longer of any force or effect. As a result of the Termination Agreement, \$93,225,471 of advances and accrued interest was transferred from District No. 2 to the District and was shown as an assumption of debt on the government-wide financial statements of District No. 3. These advances represent costs associated with the development as a whole, and the repayment obligation of each of the Banning Lewis Ranch Metropolitan Districts will be determined as build out is reached.

District No. 3 agrees to repay the Developer along with a simple interest of 7% from the date of the advance or, in the event the Developer has paid construction or acquisition costs directly for public improvements constructed by third parties, such costs shall bear said interest from the date the completed improvements are accepted by the District No. 3. The Agreement does not constitute "debt" or a "multiple-fiscal year direct or indirect District No. 3 debt or other financial obligations" within the meaning of the Colorado Constitution or any other Colorado law, and shall not constitute the District No. 3's pledge of funds from any specific source except as contemplated in the Agreement, including: 1) bond or note proceeds, 2) imposition of fees, charges, and general ad valorem taxes, and 3) the creation and maintenance of reserve and contingency funds.

During 2017, MREC Oakwood Colorado LLC was purchased by Clayton Properties Group II, Inc.

Banning Lewis Ranch Metropolitan District No. 4

Effective August 2, 2018, District No. 4 entered into an Advance, Acquisition and Reimbursement Agreement (the Agreement) with the District and Clayton Properties Group II, Inc. (the Developer) that will allow District No. 4 and the District to acquire completed public improvements from the Developer or, in the alternative, the Developer will advance to District No. 4 funds necessary to construct and complete public improvements, which will be constructed and completed by the District. The Developer, in its sole discretion may, but shall not be obligated to, advance funds to District No. 4 to pay the costs of public improvements and any management, operating, and administrative expenses. Any sums advanced to District No. 4 or on behalf of the District prior to the date of this Agreement shall be considered advances pursuant to this Agreement.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

Advance, Acquisition and Reimbursement Agreements (Continued)

Banning Lewis Ranch Metropolitan District No. 4 (Continued)

District No. 4 agrees to repay the Developer along with a simple interest of 7% from the date of the advance or, in the event the Developer has paid construction or acquisition costs directly for public improvements constructed by third parties, such costs shall bear said interest from the date the completed improvements are accepted by District No. 4. The Agreement does not constitute “debt” or a “multiple-fiscal year direct or indirect District No. 4 debt or other financial obligations” within the meaning of the Colorado Constitution or any other Colorado law, and shall not constitute District No. 4’s pledge of funds from any specific source except as contemplated in the Agreement, including: 1) bond or note proceeds, 2) imposition of fees, charges, and general ad valorem taxes, and 3) the creation and maintenance of reserve and contingency funds.

Banning Lewis Ranch Metropolitan District No. 5

Effective August 2, 2018, District No. 5 entered into an Advance, Acquisition, and Reimbursement Agreement (the Agreement) with the District and Clayton Properties Group II, Inc. (the Developer) that will allow District No. 5 and the District to acquire completed public improvements from the Developer or, in the alternative, the Developer will advance to District No. 5 funds necessary to construct and complete public improvements, which will be constructed and completed by the District. The Developer, in its sole discretion may, but shall not be obligated to, advance funds to District No. 5 to pay the costs of public improvements and any management, operating, and administrative expenses. Any sums advanced to District No. 5 or on behalf of the District prior to the date of this Agreement shall be considered advances pursuant to this Agreement.

District No. 5 agrees to repay the Developer along with a simple interest of 7% from the date of the advance or, in the event the Developer has paid construction or acquisition costs directly for public improvements constructed by third parties, such costs shall bear said interest from the date the completed improvements are accepted by District No. 5. The Agreement does not constitute “debt” or a “multiple-fiscal year direct or indirect District No. 5 debt or other financial obligations” within the meaning of the Colorado Constitution or any other Colorado law, and shall not constitute District No. 5’s pledge of funds from any specific source except as contemplated in the Agreement, including: 1) bond or note proceeds, 2) imposition of fees, charges, and general ad valorem taxes, and 3) the creation and maintenance of reserve and contingency funds.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS (CONTINUED)

Advance, Acquisition and Reimbursement Agreements (Continued)

Banning Lewis Ranch Regional Metropolitan District No. 1

On August 2, 2018 and subsequently amended and restated on November 12, 2018, the Banning Lewis Ranch Regional Metropolitan District No. 1 (Regional District No. 1) entered into an Advance, Acquisition, and Reimbursement Agreement (the Agreement) with the District and Clayton Properties Group II, Inc. (the Developer) that will allow Regional District No. 1 and the District to acquire completed public improvements from the Developer or, in the alternative, the Developer will advance to Regional District No. 1 funds necessary to construct and complete public improvements, which will be constructed and completed by the District. The Developer, in its sole discretion may, but shall not be obligated to, advance funds to Regional District No. 1 to pay the costs of public improvements and any management, operating, and administrative expenses. Any sums advanced to Regional District No. 1 or on behalf of the District prior to the date of this Agreement shall be considered advances pursuant to this Agreement.

Regional District No. 1 agrees to repay the Developer along with a simple interest of 7% from the date of the advance or, in the event the Developer has paid construction or acquisition costs directly for public improvements constructed by third parties, such costs shall bear said interest from the date the completed improvements are accepted by the District. The Agreement does not constitute “debt” or a “multiple-fiscal year direct or indirect District debt or other financial obligations” within the meaning of the Colorado constitution or any other Colorado law, and shall not constitute the District’s pledge of funds from any specific source except as contemplated in the Agreement, including: 1) bond or note proceeds, 2) imposition of fees, charges, and general ad valorem taxes, and 3) the creation and maintenance of reserve and contingency funds.

Banning Lewis Ranch Metropolitan District No. 8

Effective on January 21, 2021, the District, District No. 8, and Clayton Properties Group II, Inc. (the Company) entered into an Advance, Acquisition, and Reimbursement Agreement (Agreement). The Company may advance sums to District No. 8 or to the District on the behalf of District No. 8 to pay the costs of Public Improvements and any management, operating, and administrative expenses in accord with the Agreement. The Company shall transfer the Public Improvements to the District or, if so directed by the District, to the City upon completion and acceptance. The note accrues interest at a rate of 7.00% per annum.

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) as of December 31, 2024. 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.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 RISK MANAGEMENT (CONTINUED)

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.

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.

SUPPLEMENTARY INFORMATION

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ -	\$ 253,185	\$ -	\$ (253,185)
Intergovernmental Revenue - BLR MD No. 2	-	7,800	7,800	-
Intergovernmental Revenue - BLR MD No. 5	-	-	5,446	5,446
Intergovernmental Revenue - BLR MD No. 8	-	1,739,015	1,785,091	46,076
Total Revenues	-	2,000,000	1,798,337	(201,663)
EXPENDITURES				
Accounting	-	-	11,042	(11,042)
Fence Repairs	-	-	7,800	(7,800)
Capital Outlay	-	1,746,815	1,779,495	(32,680)
Contingency	-	253,185	-	253,185
Total Expenditures	-	2,000,000	1,798,337	201,663
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024**

Year Ended <u>December 31,</u>	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019/2020	\$ 830	186.2%	0.000	0.000	0.000	\$ -	\$ -	- %
2020/2021	830	0.0%	0.000	0.000	0.000	-	-	- %
2021/2022	830	0.0%	0.000	0.000	0.000	-	-	- %
2022/2023	830	0.0%	0.000	0.000	0.000	-	-	- %
2023/2024	800	-3.6%	0.000	0.000	0.000	-	-	- %
Estimated for Year Ending <u>December 31,</u>								
2025	\$ 800	0.0%	0.000	0.000	0.000	\$ -	-	- %

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.