

**Cotton Ranch Metropolitan District
Gypsum, Colorado**

**Financial Statements
December 31, 2024**

**Cotton Ranch Metropolitan District
Financial Report
December 31, 2024**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B5
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds and Reconciliation of Fund Balances To Net Position of Governmental Activities	C3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C5
Statement of Net Position – Proprietary Funds	C6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	C7
Statement of Cash Flows – Proprietary Funds	C8
Notes to the Financial Statements	D1 – D11
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	E1
Supplementary Information:	
Schedule of Revenues, and Expenditures - Budget and Actual – Debt Service Fund	F1
Schedule of Revenues, and Expenditures - Budget and Actual – Irrigation Fund	F2
History of Assessed Valuation, Mill Levy, and Property Taxes Collected	F3



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Cotton Ranch Metropolitan District
Gypsum, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Cotton Ranch Metropolitan District (the "District"), as of and for the year ended December 31, 2024, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Cotton Ranch Metropolitan District, as of December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof 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 ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cotton Ranch Metropolitan 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

The Cotton Ranch Metropolitan District's 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 one year after the date that the financial statements are issued.

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**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cotton Ranch Metropolitan District**

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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.

Required Supplementary Information

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cotton Ranch Metropolitan District**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cotton Ranch Metropolitan District's basic financial statements. The individual fund budgetary comparison information listed in the accompanying table of contents in Section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information in Section F are the responsibility of management and were derived from and relate 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 information in Section F 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 included in the annual report. The other information comprises the history of assessed valuation, mill levy, and property tax collections but 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 any form of 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.



**McMahan and Associates, L.L.C.
Avon, Colorado
June 2, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cotton Ranch Metropolitan District
Management Discussion and Analysis
December 31, 2024

As management of Cotton Ranch Metropolitan District (“District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024.

Using the Basic Financial Statements

This management discussion and analysis serves as an introduction to the basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

- Government-wide financial statements provide both long-term and short-term information about the District’s overall financial status.
- Fund financial statements focus on individual parts of the District’s government. A fund is a grouping of related accounts, which maintains control over resources segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.
- Notes to the Financial Statements provide further explanations for information in the government-wide and the fund financial statements.

Required supplementary information follows the financial statements and further explains and supports the information presented in the financial statements. Additional supplemental information is also included to enhance the reader’s understanding of the financial statements.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and use the accrual basis of accounting, similar to the accounting used by most private-sector companies. The accrual basis of accounting means all revenues and expenses are recorded in the financials when incurred, regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District’s assets, liabilities, deferred outflows, and deferred inflows, with differences between the amounts reported as net position. The Statement of Activities presents how the District’s net position changed during the most recent fiscal year. The District’s net position is one way to measure financial health, or financial position. Over time, increases or decreases in the District’s net position is one indicator of whether financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District’s property tax base and the condition of the infrastructure, are needed to assess the overall health of the District.

Fund Financial Statements

The fund financial statements provide detailed information on the District’s three funds. The District has two governmental funds: the general fund and the debt service fund; and one proprietary fund: the irrigation fund. Unlike government-wide financial statements, the focus of the fund financial statements are specific District activities rather than the District as a whole. Except for the General Fund, each fund was established to satisfy managerial control over

Cotton Ranch Metropolitan District
Management Discussion and Analysis
December 31, 2024

specific resources or to satisfy finance-related legal requirements established by external parties, governmental statutes, and/or regulations.

Governmental funds – Governmental funds are used to account for ordinary governmental activity and provide a detailed short-term view of the District’s general government operations and basic services. The fund financials focus on how money flows in and out of each funds and the balances left at year-end that are available for spending in future periods. The funds are reported using the modified accrual method, which recognizes expenses as they are incurred and revenues when they are measurable and available. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is provided in the reconciliations following the fund financial statements.

Proprietary Funds – The District maintains a proprietary fund, commonly known as an enterprise fund, to account for its irrigation water system operations (Irrigation fund). The proprietary fund financial statement provides information exclusively on the business-type service the District provides.

Government-Wide Financial Analysis

Statement of Net Position

The perspective of the Statement of Net Position is of the district as a whole. Below is a summary of the district’s net position for fiscal years 2024 and 2023.

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	946,507	340,256	1,286,763	954,167	414,403	1,368,570
Capital and non-current assets		633,243	633,243		531,460	531,460
Total Assets	946,507	973,499	1,920,006	954,167	945,863	1,900,030
Deferred Outflow of Resources:						
Deferred Bond Refunding Costs	33,232	0	33,232	37,386	0	37,386
Total Deferred Outflows of Resources	33,232	0	33,232	37,386	0	37,386
Liabilities:						
Current Liabilities	13,750	32,250	46,000	22,613	32,500	55,113
Long-term liabilities (including current portion)	6,095,000	0	6,095,000	6,535,000	0	6,535,000
Total Liabilities	6,108,750	32,250	6,141,000	6,557,613	32,500	6,590,113
Deferred Inflows of Resources						
Deferred Gain on Refunding	986,403	0	986,403	1,085,040	0	1,085,040
Property Taxes	592,665	0	592,665	551,379	0	551,379
Total Deferred Inflows of Resources	1,579,068	0	1,579,068	1,636,419	0	1,636,419
Net Position:						
Net investment in capital assets	0	633,243	633,243	0	531,460	531,460
Restricted for emergencies	1,124	0	1,124	1,036	0	1,036
Restricted conservation trust activities	63,571	0	63,571	0	0	0
Restricted debt service	0	0	0	0	0	0
Unrestricted	(6,772,774)	308,006	(6,464,768)	(7,203,515)	381,903	(6,821,612)

Cotton Ranch Metropolitan District
Management Discussion and Analysis
December 31, 2024

The District shows a substantial negative balance in net position. This deficit balance is the result of the District issuing bonds to pay for infrastructure and then conveying that infrastructure to the Town of Gypsum for the Town's ongoing operation and maintenance for the benefit of the District's and Town's constituents. The most significant items on the statement of net position are the long-term liabilities and these are described in more depth in Section III. *Note C*.

Statement of Activities

The perspective of the Statement of Activities is of the District as a whole. The statement of activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2024 and 2023.

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	0	177,500	177,500	0	183,460	183,460
Grants and contributions	2,469	11,550	14,019	3,160	8,550	11,710
General revenues:						
Taxes	579,401	0	579,401	606,919	0	606,919
Interest and other revenue	32,926	18,605	51,531	34,381	14,766	49,147
Total revenues	614,796	207,655	822,451	644,460	206,776	851,236
EXPENSES:						
General Government	59,569	0	59,569	48,406	0	48,406
Water Activity operations	0	179,769	179,769	0	147,850	147,850
Interest on General Long Term Debt	60,827	0	60,827	70,469	0	70,469
Total expenses	120,396	179,769	300,165	118,875	147,850	266,725
Increase in net position before transfers	494,400	27,886	522,286	525,585	58,926	584,511
Transfers	0	0	0	0	0	0
Change in net position	494,400	27,886	522,286	525,585	58,926	584,511
Net position January 1	(7,202,479)	913,363	(6,289,116)	(7,728,064)	854,437	(6,873,627)
Net position December 31	(6,708,079)	941,249	(5,766,830)	(7,202,479)	913,363	(6,289,116)

The District's primary source of revenues is property taxes, while secondary revenue sources are water user fees (which are reflected as charges for services) and tap fees (which are reflected as capital grants and contributions). These revenues are used to pay the cost of the general government, the cost of the irrigation water activity expenses, and to pay the District's debt service.

The District operated at a surplus of revenues over expenses in 2024. This surplus is primarily the result of levying property taxes that are used to repay the debt service principal. The repayment of the principal is not treated as an expense and results in a surplus of revenues over expenses.

Cotton Ranch Metropolitan District
Management Discussion and Analysis
December 31, 2024

The District's Funds

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The fund level financial statements are reported on the modified accrual basis of accounting.

At the fund level, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, inflows from operating loans present as a source of funds while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund experienced a moderate increase in fund balance, while the Debt Service Fund experienced a moderate decrease in fund balance. The District experienced an increase in the net position in the Proprietary Fund for 2024 due to revenues exceeding expenditures. This surplus is reserved for future years' expenditures.

General Fund Budgetary Highlights

The District's procedures in establishing budgetary data, reflected in the financial statements, are in *Note A* of the Stewardship, Compliance, and Accountability. Details of the General Fund budget is on Page E1 of the financial statements.

General Fund Resources (Inflows)

The District's final General Fund actual revenues and other financing sources in the amount of \$37,472 were \$5,211 more than the final budget of \$32,261.

General Fund Charges to Appropriations (Outflows)

The District's final budgetary expenditures and other financing uses of \$21,222 were \$73 less than the final appropriated balance of \$21,295.

Capital Assets

At the end of 2024, the District didn't have any funds invested in governmental activities capital assets and had \$633,243 invested in business-type activities capital assets. *See Note B, Capital Assets.*

Debt Administration

In 2021 the District issued \$7,355,000 in bonds to refund all of its prior outstanding bonds including unpaid interest outstanding in the amount of \$8,967,296. This bond refunding reduced the district's debt service payments over the next 15 years by approximately \$1,276,000 resulting in a present value savings of \$989,895.

At December 31, 2024, the District had \$6,095,000 of long-term obligations outstanding. *See Note C, Long-term Debt* for a detail of the terms and annual requirements to amortize the district's long-term debt.

Cotton Ranch Metropolitan District
Management Discussion and Analysis
December 31, 2024

Contacting the District's Financial Management

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Cotton Ranch Metropolitan District Manager
C/o Marchetti & Weaver, LLC
28 Second Street, Suite 213
Edwards, CO 81632
Tel: (970) 926-6060
Email: admin@mwcpsaa.com

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Cotton Ranch Metropolitan District
Statement of Net Position
December 31, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	343,788	318,184	661,972
Due from County Treasurer	2,508	-	2,508
Water fees receivable	-	18,472	18,472
Tap fees receivable	-	3,600	3,600
Property tax receivable	592,665	-	592,665
Prepaid expenses	7,546	-	7,546
Capital assets, net of accumulated depreciation	-	633,243	633,243
Total Assets	<u>946,507</u>	<u>973,499</u>	<u>1,920,006</u>
Deferred Outflows of Resources:			
Deferred charges on refunding	33,232	-	33,232
Total Deferred Outflows of Resources	<u>33,232</u>	<u>-</u>	<u>33,232</u>
Liabilities:			
Accounts payable and accrued expenses	1,611	32,250	33,861
Accrued interest payable	12,139	-	12,139
Non-current liabilities, due within one year			
Bonds and notes payable	450,000	-	450,000
Non-current liabilities			
Bonds and notes payable	5,645,000	-	5,645,000
Total Liabilities	<u>6,108,750</u>	<u>32,250</u>	<u>6,141,000</u>
Deferred Inflows of Resources:			
Deferred gain on refunding	986,403	-	986,403
Property tax revenue	592,665	-	592,665
Total Deferred Inflows of Resources	<u>1,579,068</u>	<u>-</u>	<u>1,579,068</u>
Net Position:			
Net investment in capital assets	-	633,243	633,243
Restricted for emergencies	1,124	-	1,124
Restricted for conservation trust activities	63,571	-	63,571
Unrestricted (deficit)	(6,772,774)	308,006	(6,464,768)
Total Net Position	<u>(6,708,079)</u>	<u>941,249</u>	<u>(5,766,830)</u>

The accompanying notes are an integral part of these financial statements.

**Cotton Ranch Metropolitan District
Statement of Activities
For the Year Ended December 31, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
General government	59,569	-	2,469	-	(57,100)		(57,100)
Interest on long-term debt	60,827	-	-	-	(60,827)		(60,827)
Total Governmental Activities	120,396	-	2,469	-	(117,927)		(117,927)
Business-type Activities:							
Irrigation	179,769	177,500	-	11,550		9,281	9,281
Total Business-type Activities	179,769	177,500	-	11,550	-	9,281	9,281
Total	300,165	177,500	2,469	11,550	(117,927)	9,281	(108,646)
General Revenues:							
Property tax					552,457	-	552,457
Specific ownership tax					26,944	-	26,944
Interest					32,751	18,605	51,356
Other					175	-	175
Total General Revenues					612,327	18,605	630,932
Change in Net Position					494,400	27,886	522,286
Net Position (Deficit) - Beginning					(7,202,479)	913,363	(6,289,116)
Net Position (Deficit) - Ending					(6,708,079)	941,249	(5,766,830)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Cotton Ranch Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2024**

	General	Debt Service	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	183,587	160,201	343,788
Due from County Treasurer	103	2,405	2,508
Property tax receivable	592,665	-	592,665
Prepaid expenditures	7,546	-	7,546
Total Assets	783,901	162,606	946,507
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	1,611	-	1,611
Total Liabilities	1,611	-	1,611
Deferred Inflows of Resources:			
Property tax revenue	592,665	-	592,665
Total Deferred Inflows of Resources	592,665	-	592,665
Fund Balances:			
Non-spendable	7,546	-	7,546
Restricted for emergencies	1,124	-	1,124
Restricted for debt services	-	162,606	162,606
Restricted for conservation trust activities	63,571	-	63,571
Unassigned	117,384	-	117,384
Total Fund Balances	189,625	162,606	352,231
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	783,901	162,606	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Deferred amount on refundings is not a financial resource and, therefore, not reported in the funds.			(953,171)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.			
Refunding note payable			(6,095,000)
Accrued interest payable			(12,139)
Net Position of Governmental Activities			(6,708,079)

The accompanying notes are an integral part of these financial statements.

Cotton Ranch Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	25,143	554,258	579,401
Intergovernmental	2,469	-	2,469
Other	175	-	175
Interest	9,685	23,066	32,751
Total Revenues	<u>37,472</u>	<u>577,324</u>	<u>614,796</u>
Expenditures:			
General government	21,222	37,147	58,369
Debt service:			
Principal	-	440,000	440,000
Interest	-	156,187	156,187
Paying agent fees	-	1,200	1,200
Total Expenditures	<u>21,222</u>	<u>634,534</u>	<u>655,756</u>
Excess of Revenues Over Expenditures	<u>16,250</u>	<u>(57,210)</u>	<u>(40,960)</u>
Net Change in Fund Balances	16,250	(57,210)	(40,960)
Fund Balances - Beginning	<u>173,375</u>	<u>219,816</u>	<u>393,191</u>
Fund Balances - Ending	<u><u>189,625</u></u>	<u><u>162,606</u></u>	<u><u>352,231</u></u>

The accompanying notes are an integral part of these financial statements.

**Cotton Ranch Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2024**

Net Change in Fund Balances of Governmental Funds	(40,960)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

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

Change in accrued interest and related fees	95,360
Repayment of principal on bonds and notes	440,000

Change in Net Position of Governmental Activities	<u><u>494,400</u></u>
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**Cotton Ranch Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2024**

	Irrigation Fund
Assets:	
Current Assets:	
Equity in pooled cash and investments	318,184
Water fees receivable	18,472
Tap fees receivable	3,600
Total Current Assets	340,256
 Non-Current Assets:	
Capital assets, net of accumulated depreciation	319,208
Water rights	314,035
Total Non-Current Assets	633,243
Total Assets	973,499
 Liabilities:	
Current Liabilities:	
Accounts payable	32,250
Total Current Liabilities	32,250
Total Liabilities	32,250
 Net Position:	
Net investment in capital assets	633,243
Unrestricted	308,006
Total Net Position	941,249

The accompanying notes are an integral part of these financial statements.

Cotton Ranch Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Irrigation Fund
Operating Revenues:	
Water service fees	174,994
Miscellaneous utility income	2,506
Total Operating Revenues	177,500
Operating Expenses:	
Repairs and maintenance	133,246
Augmentation water contract	1,681
Allocation of overhead	21,223
Legal and engineering	5,053
Depreciation	18,566
Total Operating Expenses	179,769
Operating Income (Loss):	(2,269)
Contributions and Transfers:	
Tap fees	11,550
Interest	18,605
Total Contributions and Transfers	30,155
Change in Net Position	27,886
Total Net Position - Beginning	913,363
Total Net Position - Ending	941,249

The accompanying notes are an integral part of these financial statements.

Cotton Ranch Metropolitan District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024

	Irrigation Fund
Cash Flows from Operating Activities:	
Cash received from customers and others	175,972
Cash payments for goods and services	<u>(281,802)</u>
Net Cash (Used) by Operating Activities	<u>(105,830)</u>
Cash Flows from Investing Activities:	
Cash received from interest	18,605
Net Cash Provided by Investing Activities	<u>18,605</u>
Cash Flows from Capital and Related Financing Activities:	
Tap fees received	11,550
Net Cash Provided by Capital and Related Financing Activities	<u>11,550</u>
Net Change in Cash	(75,675)
Cash and Investments - Beginning	393,859
Cash and Investments - Ending	<u><u>318,184</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating (loss)	<u>(2,269)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	(101,783)
(Increase) decrease in accounts receivable	(1,528)
(Decrease) increase in accounts payable	<u>(250)</u>
Total Adjustments	<u>(103,561)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(105,830)</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024

I. Summary of Significant Accounting Policies

Cotton Ranch Metropolitan District (the District) is a quasi-municipal corporation and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Eagle County, Colorado. The District was established to provide roads, drainage, landscaping, water, sewer and recreation. The District will retain the assets and provide service for the non-potable irrigation system. Roads, drainage, potable water system, sewer system and landscaping assets have been deeded to and maintained by the Town of Gypsum.

The District has no employees except for the members of the board of directors who the Internal Revenue Service considers to be employees for income tax purposes, and all operations and administrative functions are contracted.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

I. Summary of Significant Accounting Policies (continued)

C. 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of long-term debt including long-term contractual obligations approved by the District's electorate and revenues generated by property taxes that are required to be used in payment of such long-term debt and contractual obligations.

The District reports the following proprietary fund:

The *Water Fund* accounts for the activities of the irrigation water operations.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Water and Sewer Fund are charges for water and sewer fees. The principal operating revenues of the District's Infrastructure / Recreation Fund are charges for infrastructure fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District. The District has a policy of central cash management for all funds.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. All service revenues become a lien on property if not paid. No allowance is recorded at December 31, 2024, as all accounts are considered to be collectible.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

4. Prepaid Expense

Prepaid expenses are amounts paid in the current year for expenses related to the next year.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include construction in progress and water rights, are reported in the applicable governmental activities columns in the government-wide financial statements. The District defines capital assets 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 per GASB 72 at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	<u>Estimated Lives</u>
Building and improvements	20 to 40 years
Infrastructure	30 to 40 years
Equipment and machinery	5 to 15 years

6. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for “deferred outflows of resources”. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has one item that qualifies in this category, the deferred charge on refunding of long-term debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for “deferred inflows of resources.” Deferred inflows of resources represent property taxes levied in the current period to be collected in future periods. The District reports property taxes as deferred inflows of resources in the period the property taxes are levied. The District also reports the deferred gain on refunding of long-term debt. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the debt using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed as incurred.

8. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budget for the proprietary funds is adopted on a Non-GAAP budgetary basis and are reconciled to GAAP basis on the budget to actual statements and as presented on the supplementary information.

As required by Colorado Statutes, the District followed this timetable in approving and enacting a budget for the ensuing year.

- (1) For the 2024 budget, prior to August 25, 2023, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2023, only once by a single notification to the District.
- (2) On or before October 15, 2023, the Budget Director submitted to the District's Board of Directors a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) Prior to December 15, 2023, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.

Changes enacted by the Colorado Legislature delayed the Certification of County tax rolls. In November 2023, a short term property tax solution was passed during a special session, allowing Counties an extension to January 3, 2024 to provide final assessed valuations. The deadlines for the mill levy certifications was extended from December 15, 2023 to January 10, 2024.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 will be collected in 2025. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2024, year-end fund balances for emergencies in the amount of which is the approximate required reserve at December 31, 2024.

Under TABOR, future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 8, 1994, a majority of the District's electors authorized the District to collect and spend or retain all revenues through 1998 without regard to any limitations under TABOR.

On November 8, 1994, a majority of the District's electors authorized the District to increase taxes \$50,000 annually in 1996 and thereafter by the imposition of an ad valorem property tax levy which shall not exceed a total of 30 mills for the general operations of the District.

On May 5, 1998, a majority of the District's electors authorized the District to collect, keep and expend all District revenues received in 1998 and each year thereafter without regard to limitations under TABOR.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position as "Equity in pooled cash".

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 coverage provided by the Federal Depository Insurance Corporation ("FDIC") must be collateralized. The eligible collateral is determined by Colorado's Public Deposit Protection Act ("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 at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions 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.

The District's deposits are entirely covered by Federal Depository Insurance Corporation ("FDIC") or by the collateral held under. The FDIC insures the first \$250,000 of the District's deposits at each financial institution. At December 31, 2024, the District's carrying amount of demand deposits was at year end.

Investments

The District's Investment Pool consists solely of investments in Colotrust. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2024 the District had the following investments:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
ColoTrust	642,886

- (1) **Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.
- (2) **Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.
- (3) **Concentration of Credit Risk.** The District diversifies its investments by security type and institution.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2023, the District had no unrealized gains or losses. The District had the following cash and investments with the following maturities:

Type:	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Checking	Unrated	1,359	1,359	-
Money market	Unrated	44,472	44,472	-
<i>Investments:</i>				
Investment pool	AAAm	616,141	616,141	-
		661,972	661,972	-

For purposes of the cash flow statement, the District considers investments on demand (e.g. Colotrust) and with a maturity date of three months or less to be cash equivalents.

Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

B. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance at January 1, 2024	Additions	Deletions	Balance at December 31 2024
Business-type Activities:				
Capital assets not being depreciated:				
Water rights	314,035	-	-	314,035
Total capital assets not being depreciated	314,035	-	-	314,035
Capital assets being depreciated:				
Non-potable water system	483,358	120,349	-	603,707
Vehicle	11,161	-	-	11,161
Total capital assets being depreciated	494,519	120,349	-	614,868
Less: Accumulated depreciation:				
Non-potable water system	(271,374)	(17,450)	-	(288,824)
Vehicle	(5,720)	(1,116)	-	(6,836)
Total accumulated depreciation	(277,094)	(18,566)	-	(295,660)
Total Business-type Activities, Net	531,460	101,783	-	633,243

**Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)**

III. Detailed Notes on All Funds (continued)

C. Long-term Debt

\$7,335,000 General Obligation Refunding Note, Series 2021, dated December 1, 2021, with interest rate of 2.39% and principal and interest payments are due semiannually on June 1st and December 1st, commencing on June 1, 2022 with the final payment on December 1, 2035.

The General Obligation Refunding Note, Series 2021 was issued for the purpose of refunding the Districts outstanding 2002A Subordinate Junior General Obligation Bonds, 2017 Refunding General Obligation Note, and 2020 Refunding General Obligation Note. Certain property taxes levied by the District are pledged for the payment of the loan. The total amount of bonds issued were \$7,335,000 and the total paid to escrow, including contribution from the District, was \$7,908,577. This refunding reduced total debt service payments over the next 15 years by approximately \$1,276,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$989,895.

	<u>Balance at 12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/24</u>	<u>Due Within One Year</u>
Governmental Activities:					
2021 Refunding G.O. Note	6,535,000	-	(440,000)	6,095,000	450,000
Total Governmental Activities	<u>6,535,000</u>	<u>-</u>	<u>(440,000)</u>	<u>6,095,000</u>	<u>450,000</u>

The District's Series 2021 General Obligation Refunding Note will mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	450,000	145,671	595,671
2026	480,000	134,915	614,915
2027	490,000	123,444	613,444
2028	520,000	111,733	631,733
2029	530,000	99,305	629,305
2030-2034	2,975,000	295,524	3,270,524
2035-2039	650,000	46,247	696,247
Total	<u>6,095,000</u>	<u>956,839</u>	<u>7,051,839</u>

Remaining Authorized but Unissued Indebtedness and Obligation to Issue Future Bonds. The District held elections in 1994, 1996, 1998, and 2006 at which a majority of the qualified electors of the District authorized the issuance of indebtedness. A portion of the debt authorized in the 1994 election was rescinded in the 1998 election. And while the 2006 election increased the maximum repayment cost of the indebtedness under the 1994 election, it did not authorize any new indebtedness. Bonds were issued in 1998 that fully used the remaining debt authorized in the 1994 election.

Cotton Ranch Metropolitan District
Notes to the Financial Statements
December 31, 2024
(continued)

III. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

The 1996 election authorized the issuance of \$5.5 million of debt. Bonds were issued using \$3.126 million of this authorization. In the 1998 election the electors of the District authorized the issuance of \$3.8 million of debt to be used for streets improvements and \$500,000 for sewage facilities, total \$4.3 million. The District has used \$359,000 of the 1998 amount authorized for street improvements, but hasn't used any of the 1998 authorization for sewage facilities. The District's legal counsel has advised that the remaining voter authorized debt from the 1996 and 1998 elections has become stale and is likely unusable.

IV. Other Information

A. 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 has elected to participate in the Colorado Special District Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. Members of the Pool are required to make additional surplus contributions. 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. During the year ended December 31, 2024 the Pool made no distributions to the District.

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2023 (latest information available) is as follows:

Assets	81,143,798
Liabilities	58,670,068
Capital and Surplus	22,473,730
Total	81,143,798
Revenue	29,593,851
Underwriting expense	31,416,477
Underwriting gain (loss)	(1,822,626)
Other Income	1,695,393
Net Income (Loss)	(127,233)

B. Related Parties

A company owned by a current board member was paid \$98,958 in 2024 for services provided in relation to the irrigation system. \$1,040 was owed to this board member's company as of December 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

Cotton Ranch Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2024
(With Comparative Totals For the Year Ended 2023)

	2024			Final Budget Variance Positive (Negative)	2023
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	22,734	22,734	24,033	1,299	21,843
Specific ownership taxes	1,023	1,023	1,110	87	1,253
Intergovernmental	2,550	2,550	2,469	(81)	3,160
Other income	-	-	175	175	1,278
Interest	5,954	5,954	9,685	3,731	7,001
Total Revenues	32,261	32,261	37,472	5,211	34,535
Expenditures:					
Accounting	43,273	43,273	47,529	(4,256)	35,135
Legal	1,500	1,500	3,362	(1,862)	1,311
Administrative	2,000	2,000	2,094	(94)	1,523
Insurance	5,700	5,700	4,962	738	5,257
Treasurer fee's	682	682	685	(3)	656
Electric	-	-	218	(218)	861
Miscellaneous	3,326	5,726	4,818	908	2,599
Allocation of overhead	(40,986)	(42,586)	(42,446)	(140)	(31,560)
Contingencies	5,000	5,000	-	5,000	-
Total Expenditures	20,495	21,295	21,222	73	15,782
Net Change in Fund Balance	11,766	10,966	16,250	5,284	18,753
Fund Balance - Beginning	170,108	173,375	173,375	-	154,622
Fund Balance - Ending	181,874	184,341	189,625	5,284	173,375

SUPPLEMENTARY INFORMATION

Cotton Ranch Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2024
(With Comparative Totals For the Year Ended 2023)

	2024			Final Budget Variance Positive (Negative)	2023
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	528,660	528,660	528,424	(236)	552,157
Specific ownership taxes	23,790	23,790	25,834	2,044	31,666
Interest	9,131	24,002	23,066	(936)	26,102
Total Revenues	561,581	576,452	577,324	872	609,925
Expenditures:					
General Government:					
Treasurer Fees	15,860	15,860	15,924	(64)	16,593
Allocation of overhead	20,493	21,293	21,223	70	15,781
Debt Service:					
Principal	440,000	440,000	440,000	-	400,000
Interest	96,556	156,187	156,187	-	165,747
Paying agent fees	1,600	1,600	1,200	400	250
Contingency	-	533	-	533	-
Total Expenditures	574,509	635,473	634,534	939	598,371
Net Change in Fund Balance	(12,928)	(59,021)	(57,210)	1,811	11,554
Fund Balance - Beginning	202,901	219,816	219,816	-	208,262
Fund Balance - Ending	189,973	160,795	162,606	1,811	219,816

Cotton Ranch Metropolitan District
Schedule of Revenues, Expenses and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis - Irrigation Fund
For the Year Ended December 31, 2024
(With Comparative Totals For the Year Ended 2023)

	<u>2024</u>			Final Budget Variance Positive (Negative)	<u>2023</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Water service fees	188,240	188,240	174,994	(13,246)	183,280
Tap fees	5,900	5,900	11,550	5,650	8,550
Interest	14,572	14,572	18,605	4,033	14,766
Miscellaneous utility income	-	-	2,506	2,506	180
Total Revenues	<u>208,712</u>	<u>208,712</u>	<u>207,655</u>	<u>(1,057)</u>	<u>206,776</u>
Expenses:					
Repairs and maintenance	304,880	304,880	133,246	171,634	113,144
Augmentation water contract	1,860	1,860	1,681	179	1,681
Allocation of overhead	20,493	21,293	21,223	70	15,781
Legal and engineering	3,500	3,500	5,053	(1,553)	183
Contingency	20,000	20,000	-	20,000	-
Total Expense	<u>350,733</u>	<u>351,533</u>	<u>161,203</u>	<u>190,330</u>	<u>130,789</u>
Change in net position - Budget Basis	<u>(142,021)</u>	<u>(142,821)</u>	46,452	<u>(191,387)</u>	75,987
Reconciliation to GAAP Basis:					
Depreciation			(18,566)		(17,061)
Change in Net Position - GAAP Basis			<u>27,886</u>		<u>58,926</u>

**Cotton Ranch Metropolitan District
History of Assessed Valuation, Mill Levy
and Property Taxes Collected
December 31, 2024**

Calendar Year Ended December 31	Prior Year Assessed Valuation For Current Year Property Tax Levy	All Funds Mills Levied	Property Taxes Total All Funds		Percent Collected to Levied
			Levied	Collected	
2002	8,110,670	38.060	308,692	308,388	99.9%
2003	8,381,140	42.016	352,142	352,122	100.0%
2004	8,112,638	42.016	340,861	340,808	100.0%
2005	8,238,870	45.231	372,652	371,354	99.7%
2006	9,046,300	45.345	410,204	410,204	100.0%
2007	10,018,350	39.074	391,457	391,457	100.0%
2008	14,612,390	38.414	561,320	557,720	99.4%
2009	15,966,210	39.092	624,151	623,518	99.9%
2010	19,787,380	39.067	773,034	772,568	99.9%
2011	18,548,230	39.274	728,463	721,431	99.0%
2012	11,283,210	63.166	712,715	686,456	96.3%
2013	11,328,190	62.246	705,135	747,232	106.0%
2014	6,724,490	48.345	325,095	325,529	100.1%
2015	6,898,380	48.345	333,502	333,500	100.0%
2016	9,985,260	48.345	482,737	482,726	100.0%
2017	10,139,440	41.230	418,049	419,031	100.2%
2018	12,526,290	44.394	556,092	555,318	99.9%
2019	13,215,680	44.533	588,534	588,530	100.0%
2020	14,830,750	44.822	664,744	664,693	100.0%
2021	15,450,650	44.913	693,935	693,933	100.0%
2022	16,468,230	37.345	615,006	614,793	100.0%
2023	16,239,580	35.345	573,988	574,000	100.0%
2024	23,721,360	23.244	551,379	551,139	100.0%
2025	24,032,470	24.661	592,665		

NOTE:

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