

ELDORADO VILLAGE METROPOLITAN DISTRICT
EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eldorado Village Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eldorado Village Metropolitan District ("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.

BiggsKofford, P.C.

Colorado Springs, Colorado
April 13, 2026

ELDORADO VILLAGE METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	Governmental Activities
<u>ASSETS</u>	
Cash and investments - restricted	\$ 815
Receivable from County Treasurer	555
Property taxes receivable	72,158
Capital assets, not being depreciated	3,399,990
Total assets	<u>3,473,518</u>
<u>LIABILITIES</u>	
Accounts payable	5,308
Accrued interest payable	4,218
Noncurrent liabilities:	
Due within one year	9,000
Due in more than one year	2,881,050
Total liabilities	<u>2,899,576</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes	72,158
Total deferred inflows of resources	<u>72,158</u>
<u>NET POSITION</u>	
Restricted for:	
Emergency reserve	29,500
Debt service	476
Unrestricted	471,808
Total net position	<u>\$ 501,784</u>

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

ELDORADO VILLAGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Program Revenues			Capital Grants and Contributions	Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
<u>FUNCTIONS / PROGRAMS</u>					
Primary government					
Government activities:					
General government	\$ 5,252	\$ -	\$ -	\$ 145,000	\$ 139,748
Interest and related costs on long-term debt	155,153	-	-	-	(155,153)
Total government activities	<u>\$ 160,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>(15,405)</u>
<u>GENERAL REVENUES</u>					
Property taxes					72,907
Specific ownership taxes					6,783
Interest income					870
Total general revenues					<u>80,560</u>
Change in net position					65,155
Net position, beginning of year					436,629
Net position, end of year					<u>\$ 501,784</u>

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

ELDORADO VILLAGE METROPOLITAN DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments - restricted	\$ 815	\$ -	\$ 815
Receivable from County Treasurer	79	476	555
Property taxes receivable	10,312	61,846	72,158
Total assets	\$ 11,206	\$ 62,322	\$ 73,528
<u>LIABILITIES</u>			
Accounts payable	\$ 5,308	\$ -	\$ 5,308
Total liabilities	5,308	-	5,308
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property taxes	10,312	61,846	72,158
Total deferred inflows of resources	10,312	61,846	72,158
<u>FUND BALANCES</u>			
Restricted for:			
Emergency reserve	29,500	-	29,500
Debt service	-	476	476
Unassigned:			
Unrestricted	(33,914)	-	(33,914)
Total fund balances	(4,414)	476	(3,938)
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,206	\$ 62,322	

Amounts reported in 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, not being depreciated	3,399,990
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Loan payable	(1,050,000)
Accrued interest on loan payable	(4,218)
Developer advance	(1,840,050)

Net position of governmental activities	\$ 501,784
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The accompanying notes and independent auditor's report should be read with these financial statements.

ELDORADO VILLAGE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property taxes	\$ 10,419	\$ 62,488	\$ 72,907
Specific ownership taxes	969	5,814	6,783
Interest income	870	-	870
Total revenues	12,258	68,302	80,560
<u>EXPENDITURES</u>			
Current:			
County Treasurer fees	156	938	1,094
Professional fees	4,158	-	4,158
Debt service:			
Debt issuance costs	-	142,500	142,500
Interest payment on loan payable	-	8,435	8,435
Principal payments on developer advance	978,050	-	978,050
Total expenditures	982,364	151,873	1,134,237
Excess of revenues over expenditures	(970,106)	(83,571)	(1,053,677)
<u>OTHER FINANCING SOURCES AND USES</u>			
Loan proceeds	-	1,050,000	1,050,000
Developer advance proceeds	4,000	-	4,000
Transfer between funds	965,953	(965,953)	-
Total other financing sources and uses	969,953	84,047	1,054,000
Net change in fund balances	(153)	476	323
Fund balances, beginning of year	(4,261)	-	(4,261)
Fund balances, end of year	\$ (4,414)	\$ 476	\$ (3,938)

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

ELDORADO VILLAGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Net change in fund balances	\$	323
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Loan proceeds		(1,050,000)
Developer advance proceeds		(4,000)
Principal payments on developer advance		978,050

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

Forgiveness of developer advance		145,000
Change in accrued interest on loan payable		(4,218)

Change in net position	\$	<u>65,155</u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

ELDORADO VILLAGE METROPOLITAN DISTRICT
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 72,245	\$ 72,245	\$ 10,419	\$ (61,826)
Specific ownership taxes	-	-	969	969
Interest income	-	-	870	870
Total revenues	72,245	72,245	12,258	(59,987)
EXPENDITURES				
County Treasurer fees	-	-	156	(156)
Professional fees	15,000	15,000	4,158	10,842
Debt issuance costs	-	145,000	-	145,000
Principal payments on developer advance	57,245	962,245	978,050	(15,805)
Total expenditures	72,245	1,122,245	982,364	139,881
Excess of revenues over expenditures	-	(1,050,000)	(970,106)	79,894
OTHER FINANCING SOURCES AND USES				
Developer advance proceeds	-	-	4,000	4,000
Loan proceeds	-	1,050,000	-	(1,050,000)
Transfer between funds	-	-	965,953	965,953
Total other financing sources and uses	-	1,050,000	969,953	(80,047)
Net change in fund balance	\$ -	\$ -	(153)	\$ (153)
Fund balance, beginning of year			(4,261)	
Fund balance, end of year			\$ (4,414)	

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

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. DEFINITION OF REPORTING ENTITY

Eldorado Village Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in May, 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including water, street improvements and safety protection, park and recreation, drainage, landscaping, mosquito control, television relay, and a fire protection to the extent of contributing to the cost of construction of a substation for Hanover Fire Protection District (up to \$150,000).

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

The District reports the following major governmental funds:

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

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

Budgets

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

The District amended its annual budget for the year ended December 31, 2024.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2024 in the general fund and debt service fund, which may be a violation of state budget law.

Pooled cash and investments

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

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable amounts, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

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

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

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position and fund balances

Net position

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

Fund balances

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

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

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

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

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

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

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

General fund deficit

The general fund reported a deficit in the fund financial statements as of December 31, 2024. The deficit is expected to be eliminated with the receipt of property taxes in the future.

Interfund transfers

The transfer from the debt service fund to the general fund was for the repayment of developer advances.

Use of estimates

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

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Subsequent events

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

New accounting pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* ("Statement No. 100"). This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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 - restricted	\$ 815
	<u>\$ 815</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2024, are as follows:

Investments	\$ 815
	<u>\$ 815</u>

Deposits with financial institutions

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

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

Investments

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

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

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

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
CSAFE	Weighted average under 60 days	\$ <u>815</u>

CSAFE

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

CSAFE CASH FUND, which operates similarly to a money market fund in which each share is equal in value to \$1, offers daily liquidity. CSAFE may invest in US Treasury securities, repurchase agreements collateralized by US Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a \$2 transactional share prices. CSAFE CORE may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities, certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE'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 CSAFE. CSAFE is rated AAAM by FitchRatings. CSAFE records its investment at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended December 31, 2024:

	Balance 01-01-24	Additions	Dispositions	Reclassifications	Balance 12-31-24
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 3,399,990	\$ -	\$ -	\$ -	\$ 3,399,990

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2024:

	Balance 01-01-24	Additions	Repayments / Forgiveness / Amortization	Balance 12-31-24	Due Within One Year
<u>Governmental activities</u>					
Loan payable	\$ -	\$ 1,050,000	\$ -	\$ 1,050,000	\$ 9,000
Total loans payable	-	1,050,000	-	1,050,000	9,000
Other long-term obligations:					
Developer advances	2,959,100	4,000	(1,123,050)	1,840,050	-
Total other long-term obligations	2,959,100	4,000	(1,123,050)	1,840,050	-
Total long-term obligations	\$ 2,959,100	\$ 1,054,000	\$ (1,123,050)	\$ 2,890,050	\$ 9,000

Loan payable

On October 1, 2024, The District issued a loan in the amount of \$1,050,000. The loan was issued for the purpose of (i) the payment or reimbursement of public improvements and (ii) the payment of costs incurred in connection with the issuance of the loan. The loan will bear interest from October 1, 2024 through December 2, 2029, at a rate of 4.82% per annum. After December 2, 2029, the loan will bear interest at a rate per annum equal to the U.S. 5-Year Treasury Note Rate plus 1.50%. Interest is calculated on the basis of a 360-day year of twelve 30-day months and interest payments are due each June 1, and December 1, beginning December 1, 2024. Mandatory principal payments are due each December 1, beginning in 2025 through maturity on December 1, 2044. On December 2, 2064, no payments will be due and the loan will be deemed to be paid, satisfied, and discharged regardless of the amount of principal and interest paid prior to that date.

The loan is collateralized by the pledged revenue (defined below) and all amounts transferred to the lender not yet paid towards the loan.

Upon the District's debt to assessed ratio reaching 50% or less, and with written consent from the El Paso County Board of County Commissioners, the loan may convert to an unlimited tax general obligation secured by an unlimited mill levy to repay the loan limited to 99 mills less the number of mills necessary to pay the unlimited mill levy debt.

Pledged revenues

The loans are secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) property tax revenues; (b) specific ownership taxes; and (c) any other legally available monies which the District determines to be treated as pledged revenue.

Optional prepayment

The loan is subject to payment prior to maturity, at the option of the District, as a whole or in part with the consent of the lender, in inverse order of maturity on any date upon payment of par and accrued interest.

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the loan agreement.

- a. The District fails to impose the required mill levy or to apply the pledged revenues.
- b. On and after the date the loan converts to an unlimited tax general obligation, monies in the revenue fund are insufficient to pay principal and interest on the Loan when due;
- c. The District fails to observe or perform any other of the material covenants, agreements, duties, or conditions on the part of the District in the agreement, and such failure is not remedied to the satisfaction of the lender after the District receives written notice from the lender or the District of the occurrence of such failure.
- d. Any representation or warranty made by the District in any financing document or any certificate, instrument, financial, or other statement furnished by the District to the lender, proves to have been untrue or incomplete in any material respect when made or deemed made;
- e. The pledge of the pledged revenue, the collateral, or any other security interest created hereunder fails to be fully enforceable with the priority required hereunder or thereunder;
- f. Any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$100,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest (including, without limitation, an appeal), pay, or satisfy such judgment or court order for 30 days (until which point that such order has been vacated or satisfied);
- g. A change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the lender's reasonable judgment, will have a materially adverse impact on the ability of the District to generate pledged revenue sufficient to satisfy the District's obligations under the loan agreement or its other obligations, and the District fails to cure such condition within the time specified by the lender in a written notice thereof from the lender;
- h. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the loan.
- j. The District shall initiate, acquiesce, or consent to any proceedings to dissolve itself or to consolidate itself with other similar entities into a single entity, or the District shall otherwise cease to exist; and
- k. Any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder will become subject to any writ, judgment, warrant, attachment, execution, or similar process.

Upon the occurrence and continuance of an event of default, the lender has the following rights and remedies which may be pursued:

- a. Exercise any and all remedies available hereunder;
- b. Apply all amounts constituting collateral to the amounts due hereunder, in any order of priority determined by the lender;
- c. Proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the lender; and
- d. Take any other action or exercise any other remedy available under the financing documents, at law or in equity;

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the loan when due prior to its conversion to an unlimited tax general obligation does not, in itself, constitute an event of default under the indenture.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

The District's long-term obligations on the loan mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,000	\$ 50,610	\$ 59,610
2026	18,000	50,176	68,176
2027	19,000	49,309	68,309
2028	20,000	48,393	68,393
2029	21,000	47,429	68,429
2030 - 2034	111,000	221,961	332,961
2035 - 2039	142,000	192,270	334,270
2040 - 2044	710,000	154,385	864,385
Total	<u>\$ 1,050,000</u>	<u>\$ 814,532</u>	<u>\$ 1,864,532</u>

Reimbursement agreement

On June 14, 2017 the District entered into a reimbursement agreement with Powell Homes, LLC ("Developer") in which the Developer agreed to pay the costs of district formation, operations and maintenance expenses, and improvements on behalf of the District or to advance funds to the District for such purposes. The District agreed reimburse the developer for such advances. As of December 31, 2024 the amount of principal owed under the reimbursement agreement was \$1,840,050.

Authorized debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$84,000,000 at an interest rate not to exceed 16% per annum. As of December 31, 2024, the District had authorized but unissued electoral indebtedness of \$82,950,000.

As set forth in the District's Service Plan, the County has limited the amount of debt to be issued by the District to a total of \$10,000,000 without further approval by the County. The District may levy up to 35.000 mills, as adjusted, for debt service and 5.000 mills, as adjusted, for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District. As of December 31, 2024, the District has had authorized but unissued service plan indebtedness of \$8,950,000.

6. NET POSITION

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024 as follows:

Restricted net position:

Emergency reserve (Note 9)	\$ 29,500
Debt service (Note 5)	476
	<u>\$ 29,976</u>

7. RELATED PARTIES

The developer of the property within the District is Powell Homes, LLC. The members of the board of directors are officers, employees, or associated with the developer and may have conflicts of interest in dealing with the District.

8. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational and capital expenditures and meet debt service requirements. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by developer contributions or the issuance of debt.

See independent auditor's report.

ELDORADO VILLAGE METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On May 2, 2006, the District's voters approved a ballot issue allowing the District to retain all revenues.

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. As of December 31, 2024, the District had provided for, but had not fully funded an emergency reserve, which may be a violation of the constitutional amendment

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

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

ELDORADO VILLAGE METROPOLITAN DISTRICT
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Property taxes	\$ -	\$ 62,488	\$ 62,488
Specific ownership taxes	-	5,814	5,814
Total revenues	-	68,302	68,302
<u>EXPENDITURES</u>			
County Treasurer fees	-	938	(938)
Interest payment on loan payable	-	8,435	(8,435)
Debt issuance costs	-	142,500	(142,500)
Total expenditures	-	151,873	(151,873)
Excess of revenues over expenditures	-	(83,571)	(83,571)
<u>OTHER FINANCING SOURCES AND USES</u>			
Loan proceeds	-	1,050,000	1,050,000
Transfer between funds	-	(965,953)	(965,953)
Total other financing sources and uses	-	84,047	84,047
Net change in fund balance	\$ -	476	\$ 476
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 476	

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