

Lowell Metropolitan District

Financial Statements
Year Ended December 31, 2024
with
Independent Auditor's Report

Lowell Metropolitan District

Year Ended December 31, 2024
with
Independent Auditor's Report

Contents

	Page
Independent Auditor's Report	1-3
Basic Financial Statements:	
Balance Sheet/Statement of Net Position - Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	6
Notes to Basic Financial Statements	7-18



Board of Directors
Lowell Metropolitan District
El Paso County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Lowell Metropolitan District (the “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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Lowell Metropolitan District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Wipfli LLP
Wipfli LLP
Denver, Colorado

July 31, 2025

Lowell Metropolitan District

Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2024
(See Independent Auditor's Report)

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 93,180	\$ -	\$ 93,180
Accounts receivable - country treasurer	31,254	-	31,254
Property taxes receivable	443,179	-	443,179
Prepaid expense	<u>1,941</u>	<u>-</u>	<u>1,941</u>
Total assets	<u>\$ 569,554</u>	<u>\$ -</u>	<u>\$ 569,554</u>
Liabilities:			
Accounts payable	\$ 4,411	\$ -	\$ 4,411
Accrued expenses	2,500	-	2,500
Interest payable	20,750	(2,844)	17,906
Long-term liabilities:			
Bonds payable, due within one year	-	90,000	90,000
Bonds payable, due after one year	<u>-</u>	<u>6,516,000</u>	<u>6,516,000</u>
Total liabilities	<u>27,661</u>	<u>6,603,156</u>	<u>6,630,817</u>
Deferred inflows of resources:			
Deferred property tax revenue	<u>443,179</u>	<u>-</u>	<u>443,179</u>
Fund balance:			
Nonspendable	1,941	(1,941)	-
Restricted for emergencies	14,201	(14,201)	-
Unassigned	<u>82,572</u>	<u>(82,572)</u>	<u>-</u>
Total fund balances	<u>98,714</u>	<u>(98,714)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 569,554</u>		
Net position (deficit):			
Restricted for emergencies		14,201	14,201
Unrestricted		<u>(6,518,643)</u>	<u>(6,518,643)</u>
Total net position (deficit)		<u>\$ (6,504,442)</u>	<u>\$ (6,504,442)</u>

(See Notes to Basic Financial Statements)

Lowell Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund
Balance/Statement of Activities - Governmental Funds
Year Ended December 31, 2024
(See Independent Auditor's Report)

	General Fund	Adjustments	Statement of Activities
Expenditures:			
Audit and accounting fees	\$ 19,042	\$ -	\$ 19,042
Bond interest	373,435	(2,844)	370,591
Bond principal	65,000	(65,000)	-
Insurance	2,681	-	2,681
Legal fees	23,422	-	23,422
Miscellaneous	85	-	85
Treasurer's fees	6,662	-	6,662
Trustee fees	7,000	-	7,000
Total expenditures	497,327	(67,844)	429,483
Revenues:			
Property tax	441,176	-	441,176
Specific ownership tax	42,171	-	42,171
TIF Revenue	65,113	-	65,113
Investment income	4,612	-	4,612
Total revenues	553,072	-	553,072
Excess of revenue over expenditures	55,745	67,844	123,589
Other financing sources:			
Extinguishment of developer reimbursement obligation	-	1,269,783	1,269,783
Net change in fund balances / net position	55,745	1,337,627	1,393,372
Fund balances/net position (deficit) - beginning of year	42,969	2,213,637	(7,897,814)
Fund balances/net position (deficit) - end of year	\$ 98,714	\$ 3,551,264	\$ (6,504,442)

(See Notes to Basic Financial Statements)

Lowell Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget
General Fund

Year Ended December 31, 2024
(See Independent Auditor's Report)

	Actual	Original and Final Budget	Variance - Favorable (Unfavorable)
Revenues:			
Property tax	\$ 441,176	\$ 439,195	\$ 1,981
Specific ownership taxes	42,171	45,000	(2,829)
TIF Revenue	65,113	10,162	54,951
Investment income	4,612	5	4,607
Total revenues	<u>553,072</u>	<u>494,362</u>	<u>58,710</u>
Expenditures:			
Audit and accounting fees	19,042	68,280	49,238
Bond expense	-	-	-
Bond interest	373,435	280,210	(93,225)
Bond principal	65,000	65,000	-
Continuing Disclosure Services	-	2,500	2,500
Insurance	2,681	3,000	319
Legal fees	23,422	45,000	21,578
Miscellaneous	85	20	(65)
Treasurer's fees	6,662	6,698	36
Trust fees	7,000	2,650	(4,350)
Total expenditures	<u>497,327</u>	<u>473,358</u>	<u>(23,969)</u>
Excess (deficiency) of revenues over expenditures	55,745	21,004	34,741
Fund balance - beginning of year	<u>42,969</u>	<u>17,678</u>	<u>25,291</u>
Fund balance - end of year	<u>\$ 98,714</u>	<u>\$ 38,682</u>	<u>\$ 60,032</u>

(See Notes to Basic Financial Statements)

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies

The accounting policies of the Lowell Metropolitan District (the "District"), located in Colorado Springs in El Paso County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of reporting entity

The District, was organized on November 7, 2000 as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District's service area is located in Colorado Springs, Colorado (City) in El Paso County (County) Colorado. The District was established primarily to finance the design, acquisition, installation and construction of water improvements, street improvements, public park and recreation/landscaping improvements and sanitary sewer improvements for the Lowell Neighborhood Development Project (Project). The Project is located in the downtown area of the City and is part of the City's South Central Downtown Urban Renewal Plan.

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

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District has no component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

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

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

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2023
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Basis of presentation

The accompanying financial statements are presented per GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The government fund balance sheet/statement of net position and the statement of governmental fund revenues, expenditures and changes in fund balance/statement of activities report information on all of the governmental activities of the District. The statement of activities demonstrates the degree to which expenditures/revenues of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct 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 of 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

Government 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 measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without modification. 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.

Actual expenditures exceeded budgeted amounts for the general fund for the year ended December 31, 2024. This may be a violation of State Budget Law.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Property Taxes

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

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

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Non-spendable fund balance: The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

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

The restricted balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$14,201 of the General Fund balance has been restricted in compliance with this requirement.

Committed fund balance: The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance: Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned fund balance: Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund all other funds can report negative amounts.

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.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position as follows:

Net investment in capital assets – Consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – Consists of all other net positions that do not meet the definition of the above components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

3. Cash and Investments

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

Cash and investments	\$	<u>93,180</u>
Total cash and investments	\$	<u>93,180</u>

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

Deposits	\$	55,128
Investments		<u>38,052</u>
Total cash and investments	\$	<u>93,180</u>

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

3. Cash and Investments (continued)

Deposits with financial institutions

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

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

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 55,128	\$ 55,128

Investments

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is a pooled money market savings account and is not required to be categorized within the fair value hierarchy.

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

3. Cash and Investments (continued)

Investments (continued)

None of the District's investments are subject to custodial or concentration of credit risk.

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
MSILF Treasury Securities	Less than 1 Year	<u>\$ 38,052</u>

The MSILF Treasury Securities fund is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 180 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The Fund is rated AAAM by Standard & Poor's and Aaa-mf by Moody's.

4. Long Term Obligations

General Obligation Limited Tax Refunding Bonds, Series 2023A

On June 20, 2023, the District issued \$4,900,000 of General Obligation Limited Tax Refunding Bonds, Series 2023A (2023A Bonds) for the purpose of a partial paydown of the existing Series 2004 Bonds. The 2023A Bonds bear interest at the rate of 4.5%, payable annually on June 1st and December 1st, commencing on December 1, 2023, and mature on December 1, 2042. The 2023A Bonds are subject to redemption prior to maturity at the option of the District as a whole or in multiples of \$1,000, on June 1, 2028 and thereafter. The 2023A Bonds are subject to mandatory sinking fund redemption of principal and accrued interest on December 31st of each year, beginning in 2023.

Events of Default, as defined in the 2023A Bonds indenture are 1) the failure of the District to impose the Required Mill Levy, as defined, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the 2023A Bonds. Failure to pay the principal of or interest on the 2023A Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgement, and 3) mandamus or other suits. Acceleration of the 2023A Bonds is not an available remedy for an Event of Default.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

Subordinate General Obligation Limited Tax Refunding Bonds, Series 2023B(3)

On June 20, 2023, the District issued \$1,831,000 of General Obligation Limited Tax Refunding Bonds, Series 2023B(3) (2023 B(3) Bonds) for the purpose of a partial paydown of the existing Series 2004 Bonds. The 2023 B(3) Bonds bear interest at the rate of 8.5%, payable annually on December 15th, commencing on December 15, 2023, and mature on December 15, 2052. The 2023 B(3) Bonds are subject to redemption prior to maturity at the option of the District as a whole or in multiples of \$1,000 on June 1, 2028, with a redemption premium until June 1, 2031. The 2023 B(3) Bonds are limited tax "cash flow" general obligations of the District secured by and payable solely from the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources: the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax related to the Subordinate Required Mill Levy, the Subordinate Cooperation Agreement Revenue and any other moneys determined by the District.

Events of Default, as defined in the 2023B(3) Bonds indenture are 1) the failure of the District to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the 2023B(3) Bonds. Failure to pay the principal of or interest on the 2023B(3) Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgement, and 3) mandamus or other suits. Acceleration of the 2023B(3) Bonds is not an available remedy for an Event of Default.

The following is an analysis of changes in long-term obligations for the year ended December 31, 2024:

	Balance at January 1, 2024	Additions	Payments	Balance at December 31, 2024	Current Portion
<u>General Obligation Bonds:</u>					
Series 2023A	\$ 4,840,000	\$ -	\$ 65,000	\$ 4,775,000	\$ 90,000
Series 2023B(3)	1,831,000	-	-	1,831,000	-
	<u>\$ 6,671,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 6,606,000</u>	<u>\$ 90,000</u>

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

4. Long Term Obligations (continued)

The payments schedule on the Series 2023A bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$90,000	\$214,875	\$304,875
2026	\$100,000	\$210,825	\$310,825
2027	\$105,000	\$206,325	\$311,325
2028	\$105,000	\$201,600	\$306,600
2029	\$110,000	\$196,875	\$306,875
2030-2034	\$625,000	\$905,625	\$1,530,625
2035-2039	\$765,000	\$753,075	\$1,518,075
2040-2042	\$2,875,000	\$364,725	\$3,239,725
	<u>\$ 4,775,000</u>	<u>\$ 3,053,925</u>	<u>\$ 7,828,925</u>

Because of the uncertainty of timing of payments under the Series 2023B(3) Bonds, no related schedule of expected principal and interest payments is presented.

5. Related Party

The initial developer of the Project was Lowell Development Partners LLC (Developer). As part of the Series 2004 Bonds that have since been repaid/defeased as discussed in Note 4, the 2004 Bonds were secured in part by a debt service reserve fund, of which the Developer agreed to fund the reserve fund of a total of \$1,269,783. In prior years, the District has reflected the repayment obligation to the Developer as a non-interest bearing annually appropriated obligation, contingent on the Developer demanding reimbursement when conditions allowed.

The entity for the Developer was dissolved during 2024. Management of the District has not received notice of assignment of the obligation from Lowell Development Partners, LLC to another entity. Prior to the date of dissolution of the Developer entity, there was no request from the Developer to issue subordinate obligations to reimburse the Developer for the reserve fund monies. Based on the facts and circumstances, the District recorded an other financing source of \$1,269,783 during 2024 in the government wide financial statements, reflecting the extinguishment of the appropriated obligation to the Developer.

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

6. 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; and natural disasters. The District purchases insurance coverage from the Colorado Special Districts Property and Liability Pool (the "Pool") covering all areas in which there is a risk of loss. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

7. Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

Lowell Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2024
(See Independent Auditor's Report)

7. Tax, Spending and Debt Limitations (continued)

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government.

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

8. Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet and the government-wide statement of net position include a reconciling column. Explanation of the adjustments included in the reconciliation column is as follows:

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

The government fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities include an adjustments column. The adjustments have the following elements:

Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities.

Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.