

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	5
NOTES TO BASIC FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	15
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	16
OTHER INFORMATION – UNAUDITED	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	18



Board of Directors
Lorson Ranch Metropolitan District No. 6
El Paso County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lorson Ranch Metropolitan District No. 6 (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 each major fund of Lorson Ranch Metropolitan District No. 6 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in our report. Management is responsible for the other information included in our report. The other information, as listed in the table of contents, 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, accordingly, we do not express an opinion or provide any assurance on them.

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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 18, 2025

BASIC FINANCIAL STATEMENTS

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	<u>Governmental Activities</u>
ASSETS	
Due from Other Districts - LRMD No. 1	\$ 1,307,051
Receivable from County Treasurer	10,061
Property Tax Receivable	<u>1,229,640</u>
Total Assets	2,546,752
LIABILITIES	
Due to Other Districts - LRMD No. 1	<u>1,677</u>
Total Liabilities	1,677
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>1,229,640</u>
Total Deferred Inflows of Resources	1,229,640
NET POSITION	
Restricted for:	
Debt Service	<u>1,315,435</u>
Total Net Position	<u><u>\$ 1,315,435</u></u>

See accompanying Notes to Basic Financial Statements.

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 239,865	\$ -	\$ -	\$ -	
Interest on Long-Term Debt and Related Costs	16,453	-	-	-	
Total Governmental Activities	\$ 256,318	\$ -	\$ -	\$ -	
GENERAL REVENUES					
Property Taxes				1,315,974	
Specific Ownership Taxes				122,989	
Interest Income				230	
Total General Revenues and Transfers				1,439,193	
CHANGES IN NET POSITION					
Net Position - Beginning of Year				132,560	
NET POSITION - END OF YEAR					
				\$ 1,315,435	

See accompanying Notes to Basic Financial Statements.

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Receivable from County Treasurer	\$ 1,677	\$ 8,384	\$ -	\$ 10,061
Due from Other Districts - LRMD No. 1	-	1,307,051	-	1,307,051
Property Tax Receivable	204,934	1,024,706	-	1,229,640
	<u>\$ 206,611</u>	<u>\$ 2,340,141</u>	<u>\$ -</u>	<u>\$ 2,546,752</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Districts - LRMD No. 1	1,677	-	-	1,677
Total Liabilities	<u>1,677</u>	<u>-</u>	<u>-</u>	<u>1,677</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	204,934	1,024,706	-	1,229,640
Total Deferred Inflows of Resources	<u>204,934</u>	<u>1,024,706</u>	<u>-</u>	<u>1,229,640</u>
FUND BALANCES				
Restricted for:				
Debt Service	-	1,315,435	-	1,315,435
Total Fund Balances	<u>-</u>	<u>1,315,435</u>	<u>-</u>	<u>1,315,435</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 206,611</u>	<u>\$ 2,340,141</u>	<u>\$ -</u>	<u>\$ 2,546,752</u>

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 219,329	\$ 1,096,645	\$ -	\$ 1,315,974
Specific Ownership Taxes	20,498	102,491	-	122,989
Interest Income	38	192	-	230
	<u>239,865</u>	<u>1,199,328</u>	<u>-</u>	<u>1,439,193</u>
Total Revenues	239,865	1,199,328	-	1,439,193
EXPENDITURES				
Current:				
County Treasurer's Fee	3,290	16,453	-	19,743
Intergovernmental Expenditures - LRMD No. 1	236,575	-	-	236,575
	<u>239,865</u>	<u>16,453</u>	<u>-</u>	<u>256,318</u>
Total Expenditures	239,865	16,453	-	256,318
NET CHANGE IN FUND BALANCES	-	1,182,875	-	1,182,875
Fund Balances - Beginning of Year	<u>-</u>	<u>132,560</u>	<u>-</u>	<u>132,560</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,315,435</u>	<u>\$ -</u>	<u>\$ 1,315,435</u>

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 218,333	\$ 219,329	\$ 996
Specific Ownership Taxes	22,707	20,498	(2,209)
Interest Income	-	38	38
Other Revenue	500	-	(500)
Total Revenues	<u>241,540</u>	<u>239,865</u>	<u>(1,675)</u>
EXPENDITURES			
Contingency	500	-	500
County Treasurer's Fee	3,275	3,290	(15)
Intergovernmental Expenditures - LRMD No. 1	237,765	236,575	1,190
Total Expenditures	<u>241,540</u>	<u>239,865</u>	<u>1,675</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Lorson Ranch Metropolitan District No. 6 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed on December 2, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in El Paso County, Colorado. The District was established to provide financing for the acquisition, construction, and installation of streets, traffic and safety controls, parks and recreational facilities, water, storm drainage, sanitation, fire protection, and mosquito control.

The District was formed under the Consolidated Service Plan in conjunction with Lorson Ranch Metropolitan Districts Nos. 1, 2, 3, 4, 5 and 7. District No. 1 will serve as the Service District with the responsibility of managing the construction and operation of facilities and improvements needed for the public improvements. District Nos. 2–7 will serve as the Financing Districts with the responsibility of providing the funding and tax base needed to support the capital improvements and operations to serve the community known as Lorson Ranch.

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

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

The District is not financially accountable for any other organization (including District Nos. 1, 2, 3, 4, 5 and 7), nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

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

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of 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: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 fiscal period. The major sources of revenue susceptible to accrual are property taxes, intergovernmental revenue, and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

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 sales 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period 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. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

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

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS

Deposits with Financial Institutions

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

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

At December 31, 2024, the District had no cash deposits.

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2024, the District had no investments.

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 NET POSITION

The District has net position consisting of one component – restricted.

Restricted net position includes assets that are restricted for use either externally 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 restricted net position as of December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service Reserve	\$ 1,315,435
Total Restricted Net Position	\$ 1,315,435

NOTE 5 AGREEMENTS

Funding and Reimbursement Agreement for Capital Costs

On February 3, 2020, the District entered into an agreement with the Developer. The Developer has agreed to advance up to \$300,000,000 through February 3, 2021, to fund the costs of capital projects. The agreement is subject to renewal on an annual basis as deemed appropriate by the Developer. Such advances include an interest rate of 2.00% plus the current Federal Reserve Board Prime rate and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District’s ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. This agreement matured on February 3, 2021 and was extended through December 31, 2024. As of December 31, 2024, there were no balances outstanding.

District Facilities Construction and Service Agreement

On January 27, 2005, the District entered into a District Facilities Construction and Service Agreement (Master IGA) with Lorson Ranch Metropolitan District No. 1 (Service District) and Nos. 2, 3, 4, 5 and 7 (Financing Districts). Under the terms of the agreement, the Financing Districts will, over a period of years, levy sufficient taxes to pay to the service District the costs of construction, acquisition, and equipping of certain public facilities and services and the related operations and maintenance costs.

In return, the Service District has agreed to acquire, construct, and equip the facilities, provide for their operations and maintenance, and provide service to the property within District Nos. 1–7 or convey facilities to other entities that will provide the service.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 RELATED PARTIES

The members of the Board of Directors of the District are employees of, or otherwise associated with Eagle Development Company, and may have conflicts of interest in dealing with the District. Any potential conflicts have been filed in accordance with Colorado Law.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District transfers its net operating revenue to the Service District. Therefore, the Emergency Reserves related to the District's revenues are reported in the Service District.

LORSON RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

SUPPLEMENTARY INFORMATION

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
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 Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,091,666	\$ 1,096,645	\$ 4,979
Specific Ownership Taxes	113,533	102,491	(11,042)
Interest Income	-	192	192
Other revenue	1,000	-	(1,000)
Total Revenues	<u>1,206,199</u>	<u>1,199,328</u>	<u>(6,871)</u>
EXPENDITURES			
County Treasurer's Fee	16,375	16,453	(78)
Bond Interest	825,000	-	825,000
Contingency	1,000	-	1,000
Total Expenditures	<u>842,375</u>	<u>16,453</u>	<u>825,922</u>
NET CHANGE IN FUND BALANCE	363,824	1,182,875	819,051
Fund Balance - Beginning of Year	<u>132,436</u>	<u>132,560</u>	<u>124</u>
FUND BALANCE - END OF YEAR	<u>\$ 496,260</u>	<u>\$ 1,315,435</u>	<u>\$ 819,175</u>

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Intergovernmental Expenditures - LRMD No. 1	\$ 39,800,000	\$ -	\$ 39,800,000
Bond Issue Costs	200,000	-	200,000
Total Expenditures	<u>40,000,000</u>	<u>-</u>	<u>40,000,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	(40,000,000)	-	40,000,000
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	40,000,000	-	(40,000,000)
Developer Advance	40,000,000	-	(40,000,000)
Repay Developer Advance - Capital	<u>(40,000,000)</u>	<u>-</u>	<u>40,000,000</u>
Total Other Financing Uses	<u>40,000,000</u>	<u>-</u>	<u>(40,000,000)</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION – UNAUDITED

**LORSON RANCH METROPOLITAN DISTRICT NO. 6
 ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2024**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 65,240	0.000	8.750	\$ 571	\$ 571	100.00 %
2021	77,740	0.000	8.750	680	680	100.00 %
2022	750,820	55.663	11.132	50,151	29,623	59.07 %
2023	1,664,780	57.266	11.453	114,402	114,399	100.00 %
2024	17,941,750	60.845	12.169	1,309,999	1,315,974	100.46 %
Estimated for Year Ending December 31, 2025	\$ 18,126,120	56.532	11.306	\$ 1,229,640		