

MANITOU SPRINGS METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2024





Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	I-III
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	6
 NOTES TO THE FINANCIAL STATEMENTS	 7-15
 SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Debt Service Fund	16
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Capital Projects Fund.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Conservation Trust Fund	18



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditors' Report

To the Board of Directors
Manitou Springs Metropolitan District

Opinion

We have audited the accompanying financial statements of the governmental activities and the major funds of Manitou Springs 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 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, and 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 Opinion

We conducted our audits 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 our report. We are required to be independent of Manitou Springs Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Manitou Springs Metropolitan 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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Manitou Springs Metropolitan 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 Manitou Springs Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management 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, 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 opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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 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 the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated all material respects in relation to the financial statements as a whole.

Haynie & Company

Littleton, Colorado
November 6, 2025

BASIC FINANCIAL STATEMENTS

Manitou Springs Metropolitan District
Statement of Net Position
December 31, 2024

Assets	Governmental Activities
Cash and investments	\$ 762,947
Accounts receivable	4,451
Accounts receivable - property taxes	633
Capital assets, not being depreciated	2,099,378
Total assets	2,867,409
Liabilities	
Accounts payable	\$ 6,224
Accrued interest payable	2,842
Non-current liabilities:	
Due within one year	20,480
Due in more than one year	466,639
Total liabilities	496,185
Deferred Inflows of Resources	
Property tax revenue	4,451
Total deferred inflows of resources	4,451
Net Position	
Net investment in capital assets	1,612,259
Restricted for:	
Capital projects	12,471
Emergency	3,416
Unrestricted	738,627
Total Net Position	2,366,773
Total Liabilities, Net Position and Deferred Inflows of Resources	\$ 2,867,409

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

Manitou Springs Metropolitan District
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Charges for Services and other fees	Primary Government
			Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 113,880	\$ -	\$ (113,880)
Interest and related costs on long term debt	25,849	-	(25,849)
	139,729	-	(139,729)
Rent and Royalty Revenue			485,611
Interest/Other income			35,934
Property Tax			5,150
Specific Ownership Tax			373
CTF Revenue			989
Total general revenues			528,057
Change in net position			388,328
Net position (deficit) - beginning of year			1,978,445
Net position (deficit) - end of year			\$ 2,366,773

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

Manitou Springs Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Conservation Trust Fund	Total Governmental Funds
Assets					
Cash and investments - restricted	\$ 750,476	\$ -	\$ -	\$ 12,471	\$ 762,947
Accounts receivable	4,451	-	-	-	4,451
Accounts receivable - property taxes	633	-	-	-	633
Total assets	755,560	-	-	12,471	768,031
Liabilities					
Accounts payable	6,224	-	-	-	6,224
Total liabilities	6,224	-	-	-	6,224
Deferred Inflows of Resources					
Deferred property tax revenue	4,451	-	-	-	4,451
Total deferred inflows of resources	4,451	-	-	-	4,451
Fund Balances					
Restricted:					
Capital projects	-	-	-	12,471	12,471
Emergency reserves	3,416	-	-	-	3,416
Unassigned	741,469	-	-	-	741,469
Total Fund Balances	744,885	-	-	12,471	757,356
Total Liabilities, Fund Balance and Deferred Inflows of Resources	\$ 755,560	\$ -	\$ -	\$ 12,471	\$ 768,031
Total governmental fund balance per above					\$ 757,356
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					2,099,378
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:					
Loan Payable					(487,119)
Accrued interest					(2,842)
Net position of governmental activities					\$ 2,366,773

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

Manitou Springs Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

	General	Debt Service	Capital Projects	Conservation Trust	Total Governmental Funds
Revenues					
Rent and Royalty Revenue	\$ 485,611	\$ -	\$ -	\$ -	\$ 485,611
Interest/Other income	35,580	-	-	354	35,934
Property Tax	5,150	-	-	-	5,150
Specific Ownership Tax	373	-	-	-	373
Lottery Revenue	-	-	-	989	989
Total General Revenues	<u>526,714</u>	<u>-</u>	<u>-</u>	<u>1,343</u>	<u>528,057</u>
Expenditures					
General Government Expenses	19,921	-	-	-	19,921
Accounting	60,304	-	-	-	60,304
Treasurer fees	79	-	-	-	79
District Management	3,905	-	-	-	3,905
Insurance	12,739	-	-	-	12,739
Payroll Expense	16,832	-	-	-	16,832
Paying agent fees	-	100	-	-	100
Loan principal expense	-	12,881	-	-	12,881
Loan Interest expense	-	23,007	-	-	23,007
Capital outlay	-	348,050	582,155	-	930,205
Total Expenditures	<u>113,780</u>	<u>384,038</u>	<u>582,155</u>	<u>-</u>	<u>1,079,973</u>
Excess revenues over (under) expenditures	412,934	(384,038)	(582,155)	1,343	(551,916)
Other financing sources (uses)					
Loan Proceeds	-	500,000	-	-	500,000
Transfer to/from other fund	(466,193)	(115,962)	582,155	-	-
Total other financing sources (uses)	<u>(466,193)</u>	<u>384,038</u>	<u>582,155</u>	<u>-</u>	<u>500,000</u>
Net change in fund balances	(53,259)	-	-	1,343	(51,916)
Fund balances:					
Beginning of year	<u>798,144</u>	<u>-</u>	<u>-</u>	<u>11,128</u>	<u>809,272</u>
End of year	<u>\$ 744,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,471</u>	<u>\$ 757,356</u>

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

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance—total governmental funds	\$ (51,916)
---	-------------

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	930,205
----------------	---------

Long-term debt provides current financial resources to governmental funds, while the repayment of the principal and interest of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

Loan proceeds	(500,000)
Loan payment	12,881
Accrued interest - change in liability	<u>(2,842)</u>

Change in net position of governmental activities	<u>\$ 388,328</u>
---	-------------------

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

Manitou Springs Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Rent and Royalty Revenue	\$ 264,000	\$ 485,611	\$ 221,611
Interest/Other income	5,015	35,580	30,565
Property Tax	4,750	5,150	400
Specific Ownership Tax	300	373	73
Total Revenues	<u>274,065</u>	<u>526,714</u>	<u>252,649</u>
Expenditures			
General Government Expenses	146,154	19,921	126,233
Accounting	50,000	60,304	(10,304)
Treasurer fees	100	79	21
District Management	-	3,905	(3,905)
Insurance	10,000	12,739	(2,739)
Payroll Expense	63,000	16,832	46,168
Paying agent fees	100	-	100
Loan principal expense	447,715	-	447,715
Loan Interest expense	3,592	-	3,592
Total Expenditures	<u>720,661</u>	<u>113,780</u>	<u>606,881</u>
Excess revenues over (under) expenditures	<u>(446,596)</u>	<u>412,934</u>	<u>859,530</u>
Other financing sources (uses)			
Transfer to/from other fund	-	(466,193)	(466,193)
Total other financing sources (uses)	<u>-</u>	<u>(466,193)</u>	<u>(466,193)</u>
Net change in fund balances	<u>(446,596)</u>	<u>(53,259)</u>	<u>393,337</u>
Fund Balance—Beginning of year	<u>550,326</u>	<u>798,144</u>	<u>798,144</u>
Fund Balance—End of year	<u>\$ 103,730</u>	<u>\$ 744,885</u>	<u>\$ 641,155</u>

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

Manitou Springs Metropolitan District

Notes to Financial Statements

December 31, 2024

1. Definition of Reporting Entity

Manitou Springs Metropolitan District (the District), was organized on January 11, 1989, pursuant to the Colorado Special District Act (Title 32). The District's service area is located in Manitou Springs, Colorado. The District is a governmental entity and a political subdivision of the State of Colorado, designed to serve as a perpetual quasi-municipal corporation, with an elected five-person Board of Directors. The primary purpose of the District is to provide parking facilities to promote easy and affordable means for people to visit downtown Manitou Springs businesses.

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

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

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Manitou Springs Metropolitan District

Notes to Financial Statements (continued)

December 31, 2024

2. Summary of Significant Accounting Policies (continued)

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 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 government 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. 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 is due.

The District reports the following major governmental funds:

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

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

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

The Conservation Trust Fund accounts for financing that can be used to finance conservation program costs through debt swaps, grants or donations, or other financing mechanisms such as earmarked taxes and fees.

Manitou Springs Metropolitan District
Notes to Financial Statements (continued)
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 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 presented on the modified accrual basis of accounting unless otherwise indicated.

Property Taxes

Property taxes are levied by the District 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 for 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 revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

Manitou Springs Metropolitan District

Notes to Financial Statements (continued)

December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets, which are anticipated to be conveyed to other governmental entities, are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Bond Issuance Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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.

Manitou Springs Metropolitan District
Notes to Financial Statements (continued)
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

The restricted fund balance in the Capital Projects Fund is to be used exclusively for the acquisition and construction of capital equipment and facilities.

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	<u>\$ 766,434</u>
----------------------	-------------------

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

Deposits with financial institutions	<u>\$ 766,434</u>
--------------------------------------	-------------------

Manitou Springs Metropolitan District
Notes to Financial Statements (continued)
December 31, 2024

3. Cash and Investments (continued)

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 equal to 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.

4. Capital Assets

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

	<u>Balance December 31, 2023</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>Balance December 31, 2024</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,169,173	\$ 930,205	\$ -	\$ 2,099,378
Governmental activities, capital assets, net	<u>\$ 1,169,173</u>	<u>\$ 930,205</u>	<u>\$ -</u>	<u>\$ 2,099,378</u>

5. Long-Term Liabilities

\$500,000 Financing Note Payable

On March 22, 2024, the District borrowed \$500,000 from the Ute Pass Apartments, LLC. The Note, maturing April 1, 2034, bear an interest rate of 7.000% per annum, calculated on a basis of a 360-day year of twelve 30-day months, payable monthly on the first of the month, commencing May 1, 2024, until the principal amount is paid.

As of December 31, 2024, the District has accrued and unpaid interest related to the Note in the amount of \$2,842.

Manitou Springs Metropolitan District
Notes to Financial Statements (continued)
December 31, 2024

5. Long-Term Liabilities (continued)

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

	Balance December 31, 2023	Additions	Disposals/ Retirements	Balance December 31, 2024	Due In One Year
Owner Financing Loan	\$ -	\$ 500,000	\$ (12,880)	\$ 487,120	\$ 20,480
Owner Financing Loan - Accrued Interest	-	25,849	(23,007)	2,842	-
Total	\$ -	\$ 525,849	\$ (35,887)	\$ 489,962	\$ 20,480

Below is a summary of the future maturities of the Note Payable:

Financing Note:

	Principal	Interest	Total
2025	\$ 20,480	\$ 33,450	\$ 53,930
2026	21,961	31,969	53,930
2027	23,548	30,382	53,930
2028	25,250	28,679	53,930
2029	27,076	26,854	53,930
2030-2034	368,804	91,854	460,659
	\$ 487,120	\$ 243,188	\$ 730,307

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of the debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets of \$1,612,259.

Manitou Springs Metropolitan District
Notes to Financial Statements (continued)
December 31, 2024

6. Net Position (continued)

Restricted assets include the net position that is 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:

Restricted net position:

Capital projects	\$ 12,471
Emergency	3,416

The District's unrestricted net position as of December 31, 2024 is \$738,627.

7. Commitments and Contingencies

The City and the District entered into an Intergovernmental Agreement Concerning The Administrative Support Of A Metropolitan District And The Maintenance And Operation Of Property Owned By A Metropolitan District on December 6, 1989 (the "IGA"). The IGA was amended and restated several times before it is was ultimately terminated on December 31, 2024.

8. 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 (Pool) as of December 31, 2024. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Manitou Springs Metropolitan District

Notes to Financial Statements (continued)

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.

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

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

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

Supplementary Information

Manitou Springs Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General expenses	-	-	-	-
Paying agent fees	-	100	100	-
Loan principal expense	-	12,881	12,881	-
Loan Interest expense	-	23,007	23,007	-
Capital outlay	-	848,050	348,050	500,000
Total Expenditures	<u>-</u>	<u>884,038</u>	<u>384,038</u>	<u>500,000</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(884,038)</u>	<u>(384,038)</u>	<u>500,000</u>
Other financing sources (uses)				
Loan proceeds		500,000	500,000	-
Transfer to/from other fund	-	(115,962)	(115,962)	-
Total other financing sources (uses)	<u>-</u>	<u>384,038</u>	<u>384,038</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ 500,000</u>

Manitou Springs Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Expenditures	-	582,155	582,155	-
Total Expenditures	<u>-</u>	<u>582,155</u>	<u>582,155</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(582,155)</u>	<u>(582,155)</u>	<u>-</u>
Other financing sources (uses)				
Transfer to/from other fund	-	-	582,155	582,155
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>582,155</u>	<u>582,155</u>
Net change in fund balances	<u>-</u>	<u>(582,155)</u>	<u>-</u>	<u>582,155</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u>\$ -</u>	<u>\$ (582,155)</u>	<u>\$ -</u>	<u>\$ 582,155</u>

Manitou Springs Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Conservation Trust Fund
For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest & Other	\$ 60	\$ 354	\$ 294
Lottery Revenue	1,095	989	(106)
Total Revenues	<u>1,155</u>	<u>1,343</u>	<u>188</u>
Expenditures			
Expenditures	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Expenditures	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Excess revenues over (under) expenditures	<u>(4,845)</u>	<u>1,343</u>	<u>6,188</u>
Net change in fund balances	<u>(4,845)</u>	<u>1,343</u>	<u>6,188</u>
Fund Balance—Beginning of year	<u>10,615</u>	<u>11,128</u>	<u>513</u>
Fund Balance—End of year	<u><u>\$ 5,770</u></u>	<u><u>\$ 12,471</u></u>	<u><u>\$ 6,701</u></u>