

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mesa Ridge Metropolitan District No. 1
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mesa Ridge Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
October 15, 2025

BASIC FINANCIAL STATEMENTS

MESA RIDGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,218,206
Cash and Investments - Restricted	40,000
Prepaid Insurance	2,554
Receivable from County Treasurer	99
Property Tax Receivable	854
Capital Assets:	
Capital Assets Net of Depreciation	38,089
Total Assets	1,299,802
LIABILITIES	
Accounts Payable	24,912
Due in More Than One Year	15,599,783
Total Liabilities	15,624,695
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	854
Total Deferred Inflows of Resources	854
NET POSITION	
Net Investment in Capital Assets	(29,465)
Restricted for:	
Emergency Reserve	40,000
Unrestricted	(14,336,282)
Total Net Position	\$ (14,325,747)

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
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	\$ 82,058	\$ -	\$ -	\$ -	
Interest on Long-Term Debt and Related Costs	893,069	-	-	-	
Total Governmental Activities	\$ 975,127	\$ -	\$ -	\$ -	
GENERAL REVENUES					
Property Taxes				648	
Specific Ownership Taxes				61	
Interest Income				39,495	
Other Revenue				1,290,273	
Total General Revenues				1,330,477	
CHANGES IN NET POSITION					
				355,350	
Net Position - Beginning of Year				(14,681,097)	
NET POSITION - END OF YEAR					
				\$ (14,325,747)	

See accompanying Notes to Basic Financial Statements.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,218,206	\$ -	\$ 1,218,206
Cash and Investments - Restricted	40,000	-	40,000
Receivable from County Treasurer	99	-	99
Prepaid Insurance	2,554	-	2,554
Property Tax Receivable	854	-	854
Total Assets	\$ 1,261,713	\$ -	\$ 1,261,713
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 24,912	\$ -	\$ 24,912
Total Liabilities	24,912	-	24,912
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	854	-	854
Total Deferred Inflows of Resources	854	-	854
FUND BALANCES			
Nonspendable:			
Prepaid Expense	2,554	-	2,554
Restricted for:			
Emergency Reserves	40,000	-	40,000
Unassigned	1,193,393	-	1,193,393
Total Fund Balances	1,235,947	-	1,235,947
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,261,713	\$ -	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 38,089

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

Developer Advance Payable (12,752,361)
Accrued Interest on Developer Advance (2,847,422)

Net Position of Governmental Activities \$ (14,325,747)

See accompanying Notes to Basic Financial Statements.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 648	\$ -	\$ 648
Specific Ownership Taxes	61	-	61
Interest Income	39,495	-	39,495
Other Revenue	1,290,273	-	1,290,273
Total Revenues	1,330,477	-	1,330,477
EXPENDITURES			
Current:			
Accounting	32,911	-	32,911
Auditing	5,250	-	5,250
District Management	23,572	-	23,572
Dues And Membership	903	-	903
Election	128	-	128
Insurance	5,640	-	5,640
Legal	8,336	-	8,336
Miscellaneous	428	-	428
Utilities	1,081	-	1,081
Total Expenditures	78,249	-	78,249
EXCESS OF REVENUES OVER EXPENDITURES	1,252,228	-	1,252,228
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	(59,930)	59,930	-
Developer Advance	15,000	-	15,000
Total Other Financing Sources (Uses)	(44,930)	59,930	15,000
NET CHANGE IN FUND BALANCES	1,207,298	59,930	1,267,228
Fund Balances - Beginning of Year	28,649	(59,930)	(31,281)
FUND BALANCES - END OF YEAR	\$ 1,235,947	\$ -	\$ 1,235,947

See accompanying Notes to Basic Financial Statements.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 1,267,228

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

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.

Depreciation Expense (3,809)

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

Developer Advance (15,000)

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

Accrued Interest Payable Developer Advance - Change in Liability (893,069)

Changes in Net Position of Governmental Activities \$ 355,350

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 649	\$ 649	\$ 648	\$ (1)
Specific Ownership Taxes	65	65	61	(4)
Interest Income	50	14,000	39,495	25,495
Other Revenue	-	1,290,273	1,290,273	-
Total Revenues	<u>764</u>	<u>1,304,987</u>	<u>1,330,477</u>	<u>25,490</u>
EXPENDITURES				
Accounting	20,000	20,000	32,911	(12,911)
Auditing	5,500	5,500	5,250	250
County Treasurer's Fee	10	10	-	10
District Management	10,000	20,000	23,572	(3,572)
Dues And Membership	750	303	903	(600)
Legal	10,000	15,000	8,336	6,664
Election	-	-	128	(128)
Utilities	-	2,000	1,081	919
Insurance	5,000	3,160	5,640	(2,480)
Miscellaneous	500	500	428	72
Contingency	1,240	46,527	-	46,527
Total Expenditures	<u>53,000</u>	<u>113,000</u>	<u>78,249</u>	<u>34,751</u>
EXCESS OF REVENUES OVER EXPENDITURES	(52,236)	1,191,987	1,252,228	60,241
OTHER FINANCING SOURCES (USES)				
Developer Advance	51,000	15,000	15,000	-
Transfers To Other Fund	-	(59,930)	(59,930)	-
Total Other Financing Uses	<u>51,000</u>	<u>(44,930)</u>	<u>(44,930)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,236)	1,147,057	1,207,298	60,241
Fund Balance - Beginning of Year	<u>2,355</u>	<u>28,649</u>	<u>28,649</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,119</u>	<u>\$ 1,175,706</u>	<u>\$ 1,235,947</u>	<u>\$ 60,241</u>

See accompanying Notes to Basic Financial Statements.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Mesa Ridge Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of El Paso County on September 20, 2004, concurrently with Mesa Ridge Metropolitan District No. 2 (District No. 2) (collectively, the Districts). The Districts were formed under a Joint Service Plan approved by the City of Fountain (the City) and are governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the City. The District is responsible for managing the design, construction, and operation of the public facilities and improvements. Under the Service Plan, the Districts provide the following services: water, wastewater, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation, transportation, and drainage.

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.

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

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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
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 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 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 Capital Projects Fund was established to account for financial resources to be used for the acquisition and construction of capital infrastructure and facilities.

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.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
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 level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

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 bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

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 inflows 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, 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 at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 net investment in capital assets 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	20 Years
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Deferred Inflow 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 assets 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.

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.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 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	\$ 1,218,206
Cash and Investments - Restricted	40,000
Total Cash and Investments	\$ 1,258,206

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

Deposits with Financial Institutions	\$ 22,207
Investments	1,235,999
Total Cash and Investments	\$ 1,258,206

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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's cash deposits had a bank balance of \$22,207 and a carrying balance of \$22,207.

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

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,235,999
		<u>\$ 1,235,999</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Capital Assets, Being Depreciated:				
Parks and Recreation	\$ 76,178	\$ -	\$ -	\$ 76,178
Total Capital Assets, Being Depreciated	76,178	-	-	76,178
Less: Accumulated Depreciation				
Parks and Recreation	34,280	3,809	-	38,089
Total Accumulated Depreciation	34,280	3,809	-	38,089
Governmental Activities Capital Assets, Net	<u>\$ 41,898</u>	<u>\$ (3,809)</u>	<u>\$ -</u>	<u>\$ 38,089</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	<u>\$ 3,809</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,809</u>

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Notes/Loans from Direct Borrowings:					
Developer Advance - Operating	\$ 510,609	\$ 15,000	\$ -	\$ 525,609	\$ -
Developer Advance - Capital	12,226,752	-	-	12,226,752	-
Accrued Interest on:					
Developer Advance - Operating	272,755	37,196	-	309,951	-
Developer Advance - Capital	1,681,598	855,873	-	2,537,471	-
Subtotal Other Debts	<u>14,691,714</u>	<u>908,069</u>	<u>-</u>	<u>15,599,783</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 14,691,714</u>	<u>\$ 908,069</u>	<u>\$ -</u>	<u>\$ 15,599,783</u>	<u>\$ -</u>

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

Joint Financing and Reimbursement Agreement

On March 30, 2011, the District has entered into a Financing and Reimbursement Agreement with District No. 2, Nor'wood Limited, Inc (Developer), and MRL No. 1, LLC to repay advances made by the Developer for operation and maintenance and capital improvement costs. The District agrees to repay the Developer along with accrued interest of 7% from the first day of the following year in which the advances were made. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. Once the termination discussed in Note 9 between the District and District No. 2 is finalized, District No. 2 will no longer be a party to this agreement as of December 31, 2023.

As of December 31, 2024, outstanding Developer advances totaled \$12,752,361 and accrued interest totaled \$2,847,422.

Authorized Debt

On November 2, 2004, the District's electorate authorized the issuance of indebtedness in an amount not to exceed \$17,250,000 for infrastructure improvements and operations and maintenance at an interest rate not to exceed 16% and \$20,000,000 for refunding the District's debt or other obligations. At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts and allocated for the following purposes:

	Authorized November 2, 2004 Election	Authorization Used	Remaining at December 31, 2024
Streets	\$ 7,000,000	\$ -	\$ 7,000,000
Water	2,000,000	-	2,000,000
Sanitary Sewer and Storm Drainage	2,000,000	-	2,000,000
Traffic and Safety Controls	1,000,000	-	1,000,000
Parks and Recreation	3,000,000	-	3,000,000
Mosquito Control	1,000,000	-	1,000,000
Television Relay and Translation	1,000,000	-	1,000,000
Public Transportation	250,000	-	250,000
Refunding of Debt	20,000,000	-	20,000,000
Total	<u>\$ 37,250,000</u>	<u>\$ -</u>	<u>\$ 37,250,000</u>

Pursuant to the Joint Service Plan, the Districts can issue bond indebtedness of up to \$35,000,000. In addition, the maximum debt service mill levy for the Districts is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the Districts.

In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 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 balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 38,089
Current Portion of Outstanding Long-Term Obligations	(76,178)
Net Investment in Capital Assets	<u>\$ (38,089)</u>

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:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergencies	<u>\$ 40,000</u>
Total Restricted Net Position	<u>\$ 40,000</u>

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements, a portion of which will be conveyed to other governments, and for the repayment of Developer advances for operations.

NOTE 7 RELATED PARTIES

The Developers of the property which constitutes the District are Mesa Ridge Joint Venture LLC, MRL No 1, LLC, Development Management, Inc., and Nor'wood Development Group, an entity related to Nor'wood Limited, Inc. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer.

NOTE 8 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to remove the negative fund balance in the Capital Projects Fund in order to close the fund as no additional activity is expected for this fund.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 INTERGOVERNMENTAL AGREEMENTS

Assignment of Exclusion Agreement

On December 16, 2022, CSJ No. 1, LLC, an owner of property located within District No. 2's boundaries that sought to sell said property to Goodwin Knight, LLC (Buyer), petitioned to exclude said property from District No. 2's boundaries. The District granted the petition in exchange for a lump sum payment of \$1,289,503, an amount equal to the property tax that the owner of the property would have otherwise been required to pay. Then, on March 23, 2023, District No. 2 entered into an assignment of exclusion agreement with the District and the Buyer in which District No. 2 agreed to transfer, assign, and convey the lump sum from the Exclusion to the District. The amount was received by the District in April 2024.

Intergovernmental Agreement Regarding Regional Park

On January 26, 2011, the District entered into an Agreement with the Cross Creek Metropolitan District. Under this agreement, the parties would participate in the funding of the design, construction, operation and maintenance of the Regional Park, up to a maximum amount of \$2.5 million each. The owners of Mesa Ridge are to pay a park impact fee to contribute its share of funding of the cost of the design and construction of the Regional Park, including funding required for completion of drainage facilities, including the Reservoir.

Intergovernmental Agreement (Cross Creek/Mesa Ridge/City of Fountain) Hale Reservoir and Cross Creek Regional Park

On November 20, 2015, the District entered into a Regional Park Intergovernmental Agreement (IGA) with the City of Fountain, Cross Creek Metropolitan District, and District No. 2. Cross Creek Metropolitan District was responsible for restoration and/or construction of a water reservoir referred to as the "Hale Reservoir" and all related drainage facilities (collectively the "Reservoir") within the Park. A portion of the drainage funds was previously received and applied to other drainage projects. The remaining drainage fees that have been collected to date for properties appurtenant to the Hale Reservoir site are to be applied to costs of construction of the Reservoir.

The City of Fountain is to provide augmentation water to augment depletions associated with non-potable water use at Cross Creek Regional Park only.

Reimbursement Agreement

On August 10, 2005, the District entered into a reimbursement agreement with District No. 2 and Mesa Ridge Joint Venture LLC. Under this agreement, the Districts shall reimburse the Developer the amount of all advances, plus interest thereon at the rate of set forth as paid on the Districts' initial bond offering (calculated on the basis of a 360-day year of twelve 30-day months), from the date of each advance. Once the termination discussed in the Note below between the District and District No. 2 is finalized, District No. 2 will no longer be a party to the agreement as of December 31, 2023.

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Intergovernmental Agreement with Mesa Ridge Metro District No. 2

On August 10, 2005, the District entered into an Intergovernmental Agreement with District No. 2. Each District agreed that District No. 1 will own (subject to potential transfer to other governmental entities or authorities), operate, maintain, finance and construct facilities benefitting both Districts, and that District No. 2 will contribute costs of construction, operation, and maintenance of such facilities. District No. 1 will have little or no assessed valuation within its boundaries from which limited tax general obligation bonds could be paid, and consequently contemplate that District No. 1 will issue revenue bonds. The Districts recognize that amendments and adjustments to this Agreement may be necessary over time and that any increase in the monetary amount of the obligations of District No. 2 to make payments to District No. 1 or any increase in the maximum annual tax increase or the total repayment cost of the debt evidenced by this Agreement may require additional voter authorization. This agreement was anticipated to be terminated effective December 31, 2023, however parties are still in final negotiations regarding the termination. Starting January 1, 2024, District No. 2 will be responsible for managing the design, construction, and operation of the public facilities and improvements.

Joint Financing and Reimbursement Agreement

On March 30, 2011, the District entered into a Joint Financing and Reimbursement Agreement (the Agreement) with District No. 2 and the Norwood Limited, Inc. (Developer). Under the Agreement, any advances made by the Developer shall be made payable to the District, which is coordinating the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of public improvements. All advances made to the District shall bear simple interest at the rate of seven percent (7%) per annum, calculated from January 1 of the year immediately following the year in which the advances were made. During 2015, District No. 2 issued \$4,000,000 of Limited Tax General Obligation Bonds and transferred \$3,942,500 to the District. During 2021, District No. 2 issued \$3,720,000 of Limited Tax General Obligation Bonds and transferred \$3,720,000 to the District under the Agreement. During 2023, District No. 2 issued \$2,000,000 of Limited Tax General Obligation Bonds and transferred \$1,940,000 to the District under the Agreement. Once the termination discussed above between the District and District No. 2 is finalized, District No. 2 will no longer be a party to this agreement as of December 31, 2023.

Intergovernmental Agreement with Mesa Ridge Metropolitan District Nos. 3-5

Effective January 30, 2024, the District entered into an Intergovernmental District Facilities Construction and Service Agreement with Mesa Ridge Metropolitan District Nos. 3 through 5 (Financing Districts). Under this agreement the District will own (subject to potential transfer to other governmental entities or authorities), operate, maintain, finance and construct public improvements, benefiting the District and the Financing Districts. The Financing Districts shall impose ad valorem property taxes and/or fees sufficient to fund the operation and maintenance costs of the District-owned public improvements.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Facilities Funding and Acquisition Agreement

Effective January 30, 2024, the District entered into a Facilities Funding and Acquisition Agreement with the Financing Districts, and Development Management, Inc. (Developer) to repay advances made by the Developer. The District agrees to repay the Developer along with accrued interest of 8% from the date of expenditure through the date of repayment. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. As of December 31, 2024, there were no outstanding advances under this agreement.

Reimbursement Agreement (Operations)

Effective January 30, 2024, the District entered into a Reimbursement Agreement (Operations) with the Financing Districts and Development Management, Inc. to repay advances made by the Developer. The District agrees to repay the Developer along with accrued interest of 8% from the date of advance through the date of repayment, not to exceed the AAA 30-year MMD index interest rate by more than 400 basis points. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. As of December 31, 2024, there were no outstanding advances under this agreement.

NOTE 10 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 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.

MESA RIDGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 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.

On November 2, 2004, the District's voters authorized the District to increase property taxes \$500,000 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 Section 29-1-301, 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

**MESA RIDGE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECT 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	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Accounting	-	-	-
Engineering	-	-	-
Legal	-	-	-
Capital Outlay	-	-	-
Parks And Recreation	-	-	-
Streets	-	-	-
Television Transmission And Relay	-	-	-
Traffic And Safety Control	-	-	-
Bond Issue Costs	-	-	-
Contingency	-	-	-
Total Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	-	59,930	59,930
Total Other Financing Sources	-	59,930	59,930
NET CHANGE IN FUND BALANCE	-	59,930	59,930
Fund Balance - Beginning of Year	-	(59,930)	(59,930)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -