

STARWOOD METROPOLITAN DISTRICT

—

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

—

DECEMBER 31, 2024

FINANCIAL STATEMENTS - 2024

STARWOOD METROPOLITAN DISTRICT

2024 BOARD OF DIRECTORS

Jason Kellman, President

Randell Bone, Treasurer

Jared Goldberg

Jill Wagner

Jennifer Olson

ADMINISTRATION

Heather Dresser, Chief Executive Officer

Mark Asher, District Manager

CONTENTS

| | Page |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-2 |
| MANAGEMENT DISCUSSION & ANALYSIS | 3-6 |
| FINANCIAL STATEMENTS | |
| Statement of Net Position | 9 |
| Statement of Revenues, Expenses and Changes in Net Position | 10 |
| Statement of Cash Flows | 11 |
| Notes to Financial Statements | 13-21 |
| SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule | 23-24 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Starwood Metropolitan District

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Starwood Metropolitan District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Starwood Metropolitan 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 business-type activities and the major fund of the Starwood Metropolitan District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 our report. We are required to be independent of the Starwood Metropolitan 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 Starwood 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 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 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.

Meeker Office

685 Main St, Suite 2, PO Box 1109, Meeker, CO 81641

☎ : 970-878-5219

✉ : 970-878-3210 ✉ : rangely@colocpa.com

Rangely Office

118 W Main St, PO Box 770, Rangely, CO 81648

☎ : 970-675-2222

☎ : 970-675-2220 ✉ : rangely@colocpa.com

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 the Starwood 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 the Starwood 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cole Coff Services, PC

Rangely, Colorado
July 28, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Starwood Metropolitan District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded liabilities and deferred inflows of resources by \$4,890,801 at December 31, 2024.
- Total District's cash and investments increased by \$588,147 or 80% from 2023.
- The December 31, 2024, net position balance is \$9,057 more than the previous year.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Fund Financial Statements

The *Statement of Net Position* presents information on all District assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected service charges and earned but unused vacation leave).

The *Statement of Cash Flows* presents information about the cash receipts and cash payments of the District during the current year. When used with related disclosures and information in the other financial statements, the information provided in this statement should help financial report users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the District's financial position of its cash and its non-cash investing, capital and related financing transactions during the year.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 21 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the Enterprise Fund. A budgetary comparison statement has been provided for the Enterprise Fund on page 23 through 24 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2023 and 2024.

| | Governmental Activities | |
|--------------------------------------|--------------------------------|---------------------|
| | <u>2023</u> | <u>2024</u> |
| Assets | | |
| Current and other assets | \$ 2,634,785 | \$ 3,389,670 |
| Capital assets | 5,638,743 | 5,810,788 |
| Total assets | <u>8,273,528</u> | <u>9,200,458</u> |
| Liabilities | | |
| Current and other liabilities | 74,341 | 96,476 |
| Long-term liabilities | 1,655,812 | 2,351,145 |
| Total liabilities | <u>1,730,153</u> | <u>2,447,621</u> |
| Deferred Inflows of Resources | | |
| Unearned property taxes | 1,661,631 | 1,862,036 |
| Total deferred inflows of resources | <u>1,661,631</u> | <u>1,862,036</u> |
| Net Position | | |
| Net investment in capital assets | 3,982,931 | 3,459,643 |
| Restricted | 54,458 | 59,774 |
| Unrestricted | 844,355 | 1,371,384 |
| Total net position | <u>\$ 4,881,744</u> | <u>\$ 4,890,801</u> |

A significant portion of the District's position represents unrestricted net position of \$1,371,384 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, plant, equipment and construction in progress. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$59,774 of the District's net position represents resources that are subject to external restrictions on how they may be used. The restriction is for the TABOR emergency reserve.

The following table indicates the changes in net position for 2023 and 2024.

| | 2023 | 2024 |
|-------------------------------------|--------------------|------------------|
| Revenues: | | |
| Program revenues: | | |
| Charge for services | \$ 348,920 | \$ 263,481 |
| General revenues: | | |
| General property taxes | 1,466,077 | 1,714,105 |
| Specific ownership tax | 52,278 | 48,478 |
| Investment earnings | 19,784 | 48,283 |
| Other | 23,035 | 17,210 |
| Total revenues | <u>1,910,094</u> | <u>2,091,557</u> |
| Expenses: | | |
| Operating expenses | 1,531,939 | 1,636,228 |
| Depreciation | 287,871 | 296,717 |
| Interest expense | 44,994 | 60,925 |
| Treasurer's fees | 73,378 | 82,732 |
| Amortization | 4,601 | 5,898 |
| Total expenses | <u>1,942,783</u> | <u>2,082,500</u> |
| Increase (decrease) in net position | <u>\$ (32,689)</u> | <u>\$ 9,057</u> |

The District's net position increased by \$9,057 in 2024. Key elements of this increase are as follows:

Revenues exceeded expenses for the year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Information about the District's operations begins on page 9. This fund is accounted for using the accrual basis of accounting.

As of December 31, 2024, the total net position balance of the District's proprietary fund was \$4,890,801. Approximately 28% of this consists of unrestricted fund equity, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of the net position is reserved to indicate that it is not available for new spending because it is committed for the following purpose: (1) a state-Constitution mandated emergency reserve (\$59,774) and (2) net investment in capital assets (\$3,459,643). The District had revenues of \$2,091,557 and expenses of \$2,082,500.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2024 Fund Budget

| | <u>Original Budget</u> | <u>Amend- Ments</u> | <u>Final Budget</u> | <u>Actual</u> |
|--|----------------------------|-------------------------|-------------------------|---------------------|
| Beginning Fund Balance | \$ 898,857 | \$ - | \$ 898,857 | \$ 4,881,744 |
| Revenues and other financing sources | 3,042,572 | - | 3,042,572 | 3,091,557 |
| Expenditures and other financing uses | (2,931,210) | - | (2,931,210) | (2,544,265) |
| Ending Fund Balance | <u>\$ 1,010,219</u> | <u>\$ -</u> | <u>\$ 1,010,219</u> | <u>\$ 5,429,036</u> |

Actual revenues and other financing sources were \$48,985 more than budgeted revenues and other financing sources. Interest income was \$45,283 more than budgeted, which was the main contributor for the difference.

Actual expenditures and other financing uses were \$386,945 less than budgeted expenditures and other financing uses. Operating supplies and expenses were \$593,291 less than budgeted and was the main contributor for the difference.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2024 totaled \$3,459,643 (net of accumulated depreciation and related debt). This investment includes all land, buildings, plant, equipment, and construction in progress. The total decrease in investment in capital assets for the current year was \$523,288 or 13%.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land, water rights, and construction in progress which is not depreciated.

Major purchases for the year include continued construction of two wells.

Long-term Debt. During the year ended December 31, 2024, the District had three outstanding debt obligations totaling \$2,351,145. See Note 5 of the financial statements for more information on long-term debt.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2025 budget:

- An increase in property tax revenue of \$148,000.
- An anticipated increase in payroll expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 121 Stewart Drive, Aspen, Colorado 81611.

PAGE INTENTIONALLY LEFT BLANK

FINANCIAL STATEMENTS

STARWOOD METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
December 31, 2024

| | |
|--|-----------------------------------|
| ASSETS | |
| Cash | \$ 79,405 |
| Investments | 1,241,299 |
| Accounts receivable | 95,281 |
| Property taxes receivable | 1,862,036 |
| Prepaid expenses | 69,246 |
| Bond issuance costs, net of accumulated amortization | 42,403 |
| Capital assets, nondepreciable | 1,821,991 |
| Capital assets, net | <u>3,988,797</u> |
| TOTAL ASSETS | <u>9,200,458</u> |
| LIABILITIES | |
| Accounts payable | 80,114 |
| Accrued interest payable | 8,493 |
| Accrued expenses | 7,869 |
| Noncurrent liabilities | |
| Due within one year | 252,679 |
| Due in more than one year | <u>2,098,466</u> |
| TOTAL LIABILITIES | <u>2,447,621</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unearned revenue - property taxes | <u>1,862,036</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,862,036</u> |
| NET POSITION | |
| Net investment in capital assets | 3,459,643 |
| Restricted for Tabor emergencies | 59,774 |
| Unrestricted | <u>1,371,384</u> |
| TOTAL NET POSITION | <u><u>\$ 4,890,801</u></u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

STARWOOD METROPOLITAN DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

| | |
|--|---------------------|
| OPERATING REVENUE | |
| Charges for services | \$ 263,481 |
| | <u>263,481</u> |
| TOTAL OPERATING REVENUE | <u>263,481</u> |
| OPERATING EXPENSES | |
| Personnel costs | 838,287 |
| Other operating costs | 398,997 |
| General and administrative | 398,944 |
| Depreciation | 296,717 |
| | <u>1,932,945</u> |
| TOTAL OPERATING EXPENSES | <u>1,932,945</u> |
| OPERATING INCOME (LOSS) | <u>(1,669,464)</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Property taxes (net) | 1,631,373 |
| Specific ownership tax | 48,478 |
| Penalties and interest on delinquent taxes | 850 |
| Interest income | 48,283 |
| Other income | 5,061 |
| Rent income | 11,299 |
| Interest expense | (60,925) |
| Amortization of bond issue costs | (5,898) |
| | <u>1,678,521</u> |
| NET NON-OPERATING REVENUES (EXPENSES) | <u>1,678,521</u> |
| CHANGE IN NET POSITION | 9,057 |
| NET POSITION, BEGINNING OF YEAR | <u>4,881,744</u> |
| NET POSITION, END OF YEAR | <u>\$ 4,890,801</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

STARWOOD METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

| | |
|--|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from customers | \$ 330,088 |
| Cash payments to suppliers for goods and services | (782,112) |
| Cash payments to employees for services | (839,779) |
| NET CASH (USED) BY OPERATING ACTIVITIES | <u>(1,291,803)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Property tax (net of treasurer fees) | 1,631,373 |
| Specific ownership tax | 48,478 |
| Penalties and interest on delinquent taxes | 850 |
| Other income | 5,061 |
| Rent income | 11,299 |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | <u>1,697,061</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Debt proceeds | 1,000,000 |
| 2024 loan costs | (35,000) |
| Purchase of fixed assets | (468,761) |
| Principal paid on debt | (295,619) |
| Interest paid on debt | (66,014) |
| NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>134,606</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of investments | (824,879) |
| Investment income | 48,283 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(776,596)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (236,732) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>316,137</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 79,405</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES | |
| Operating income (loss) | \$ (1,669,464) |
| Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities: | |
| Depreciation | 296,717 |
| Changes in assets and liabilities: | |
| Decrease (increase) in accounts receivable | 66,607 |
| Decrease (increase) in prepaids | (3,836) |
| Increase (decrease) in accounts payable | 19,665 |
| Increase (decrease) in accrued expenses | (1,492) |
| NET CASH (USED) BY OPERATING ACTIVITIES | <u>\$ (1,291,803)</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Starwood Metropolitan District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Financial Reporting Entity

The District was originally formed on September 16, 1983 as the Starwood Water District, a political subdivision of the State of Colorado. On March 26, 2001, the Starwood Water District was converted to a metropolitan district, a political subdivision of the State of Colorado, to provide parks and recreation, safety protection, street improvements, water and other metropolitan services. The District is governed by an elected five-member board.

These financial statements present only the District after considering if any potential component units should be included in the District's reporting entity based on their operational or financial relationships with the District.

B. Measurement focus, basis of accounting, and financial statement presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District uses the accounting principles applicable to enterprise funds. The Enterprise Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District recognizes the portion of tap fees intended to recover the cost of connecting new customers to the system as capital contribution. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

C. Fixed Assets

Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Fixed Assets, continued

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In 2024, no interest was capitalized.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

| | <u>Years</u> |
|---------------------------|--------------|
| Water system | 40 |
| Building and improvements | 25 |
| Equipment | 5 |
| Infrastructure | 20 |

D. Property Taxes

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

E. Budgets and Budgetary Accounting

The District's directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the office manager submits to the District's directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15 the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

The budget for the Enterprise Fund is adopted on a basis which differs from GAAP in that outlays for debt retirement principal and acquisitions of fixed assets are included as expenses, and depreciation is excluded from expenses.

Appropriations lapse at the end of each calendar year.

The District's directors may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year ended December 31, 2024.

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Compensated Absences

The District allows full-time employees to accrue vacation at a rate based on years of service and on the time actually worked. Unused vacation cannot be carried over to the next year. Therefore, unused vacation that is earned but not used, up to 40 hours, by December 31, is paid out during the first quarter of the following year. Additionally, unused accrued sick leave and personal time are paid out during the first quarter of the following year.

G. Cash Equivalents

For purposes of the statement of cash flows the District considers all investments in highly liquid debt instruments (including restricted assets) with a maturity of three months or less, to be cash equivalents.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Prepaid Items

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items.

J. Accounts Receivable

The District considers accounts receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is maintained. If amounts become uncollectible, they are charged to operations when that determination is made. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

K. Deferred Charges

Deferred charges represent bond issuance costs, which are amortized on the straight-line method over the life of the related bond issue.

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 - CASH AND INVESTMENTS, Continued

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

| <u>December 31, 2024</u> | <u>Cost</u> | <u>Market Value</u> |
|--------------------------|---------------------|---------------------|
| COLOTRUST | \$ 1,241,299 | \$ 1,241,299 |
| Total | <u>\$ 1,241,299</u> | <u>\$ 1,241,299</u> |

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), and investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust offer shared in three portfolios, COLOTRUST Prime, COLOTRUST Plus+, and COLOTRUST EDGE. COLOTRUST Prime and COLOTRUST Plus+ operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST EDGE is a variable NAV fund managed to approximate a \$10.00 transactional share price, calculated and publishing a fair value NAV on a daily basis. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2024, the District invested \$1,241,116 in COLOTRUST Prime and \$182 in COLOTRUST Plus+. The District's investment in the COLOTRUST Prime and Plus+ is rated AAAM by S&P Global Ratings.

A summary of cash and investments is as follows:

| | |
|---------------------------------|--------------------|
| Cash and cash equivalents | |
| Cash with County | \$ (75) |
| Cash deposits in bank | <u>79,480</u> |
| Total cash and cash equivalents | <u>79,405</u> |
| Investments | |
| COLOTRUST | <u>1,241,299</u> |
| Total investments | <u>1,241,299</u> |
| Total cash and investments | <u>\$1,320,704</u> |
| Cash and cash equivalents | \$ 79,405 |
| Investments | <u>1,241,299</u> |
| Total cash and investments | <u>\$1,320,704</u> |

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 - PROPERTY TAXES

Revenue Recognized in 2024

Local property taxes levied in 2023 and collected in 2024 are recognized as revenue in these financial statements as shown below:

| | Assessed | Mill | Amount of Taxes | | Percent |
|-----------------|---------------|--------|-----------------|-------------|-----------|
| | Valuation | Levy | Levied | Collected | Collected |
| Enterprise Fund | \$106,864,190 | 15.549 | \$1,661,631 | \$1,661,696 | 100.00% |

Property Taxes Receivable and Deferred Revenues

Local Property taxes levied in 2024 but not collectible until 2025 are shown as property taxes receivable and deferred revenue.

| | Assessed | Mill | Estimated | Property | Deferred |
|-----------------|---------------|--------|-------------|--------------|--------------|
| | Valuation | Levy | Percent | Taxes | Revenue |
| | | | Collectible | Receivable | |
| Enterprise Fund | \$108,207,560 | 17.208 | 100.0% | \$ 1,862,036 | \$ 1,862,036 |

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

| | January 1, 2024 | Additions | Deletions | December 31, 2024 |
|--|---------------------|-------------------|-------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 45,229 | \$ - | \$ - | \$ 45,229 |
| Water rights | 1,051,904 | - | - | 1,051,904 |
| Construction in progress | 406,884 | 317,974 | - | 724,858 |
| Total assets not being depreciated | <u>1,504,017</u> | <u>317,974</u> | <u>-</u> | <u>1,821,991</u> |
| Capital assets being depreciated: | | | | |
| Water system | 3,849,490 | 20,982 | - | 3,870,472 |
| Building and improvements | 4,313,957 | - | - | 4,313,957 |
| Equipment | 645,134 | 27,469 | - | 672,603 |
| Infrastructure | 2,334,597 | 102,336 | - | 2,436,933 |
| Total assets being depreciated | <u>11,143,178</u> | <u>150,787</u> | <u>-</u> | <u>11,293,965</u> |
| Less accumulated depreciation: | | | | |
| Water system | (3,191,844) | (81,120) | - | (3,272,964) |
| Building and improvements | (1,432,013) | (132,557) | - | (1,564,570) |
| Equipment | (634,822) | (20,784) | - | (655,606) |
| Infrastructure | (1,749,773) | (62,256) | - | (1,812,029) |
| Total accumulated depreciation | <u>(7,008,452)</u> | <u>(296,717)</u> | <u>-</u> | <u>(7,305,169)</u> |
| Total assets being depreciated, net | <u>4,134,726</u> | <u>(145,930)</u> | <u>-</u> | <u>3,988,796</u> |
| Business-type activities capital assets, net | <u>\$ 5,638,743</u> | <u>\$ 172,044</u> | <u>\$ -</u> | <u>\$ 5,810,787</u> |

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - CHANGES LONG-TERM DEBT

A summary of changes in long-term debt during 2024 follows:

| | <u>January 1, 2024</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2024</u> | <u>Due within one year</u> |
|---|----------------------------|--------------------|-------------------|------------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Loans payable, 2024 | \$ - | \$1,000,000 | \$ 77,333 | \$ 922,667 | \$ 27,330 |
| Loans payable, 2018 | 1,169,420 | - | 68,285 | 1,101,135 | 70,349 |
| Bonds payable, 2016 | 460,000 | - | 150,000 | 310,000 | 155,000 |
| Bond premium, 2016 | <u>26,392</u> | <u>-</u> | <u>9,049</u> | <u>17,343</u> | <u>-</u> |
| Business-type activities long-term liabilities | <u>\$1,655,812</u> | <u>\$1,000,000</u> | <u>\$ 304,667</u> | <u>\$ 2,351,145</u> | <u>\$ 252,679</u> |

Series 2016

The District issued its General Obligation Refunding Bonds, Series 2016, dated March 23, 2016, in the amount of \$1,300,000. The indebtedness was approved by the electorate on February 2016, for the purpose of refunding certain District general obligation bonds.

The bonds bear interest of 2.00% to 3.00% per annum and mature on December 1, 2026. Principal is payable annually on December 1 starting in 2016, with interest payable semiannually on June 1 and December 1.

The debt service requirements for the General Obligation Refunding Bonds Series 2016 issued in 2016 are as follows:

| <u>Year ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|-------------------|-------------------|-------------------|
| 2025 | \$ 155,000 | \$ 9,300 | \$ 164,300 |
| 2026 | <u>155,000</u> | <u>4,650</u> | <u>159,650</u> |
| | 310,000 | 13,950 | 323,950 |
| Premium | <u>17,343</u> | <u>(17,343)</u> | <u>-</u> |
| | <u>\$ 327,343</u> | <u>\$ (3,393)</u> | <u>\$ 323,950</u> |

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - CHANGES LONG-TERM DEBT, Continued

Loan 2018

The District entered into a loan agreement with ANB Bank, dated March 1, 2018, in the amount of \$1,550,000. The indebtedness was approved by the electorate on November 2017, for the purpose of financing construction of a fire station.

The bonds bear interest from 3.00% per annum and mature on December 1, 2037. Principal and interest payment of \$51,416 is payable bi-annually on June 1 and December 1.

The debt service requirements for the loan are as follows:

| <u>Year ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 70,349 | \$ 32,484 | \$ 102,833 |
| 2026 | 72,475 | 30,357 | 102,832 |
| 2027 | 74,666 | 28,167 | 102,833 |
| 2028 | 76,923 | 25,910 | 102,833 |
| 2028 | 79,248 | 23,585 | 102,833 |
| 2030-2034 | 433,649 | 80,513 | 514,162 |
| 2035-2037 | <u>293,825</u> | <u>14,671</u> | <u>308,496</u> |
| | <u>\$ 1,101,135</u> | <u>\$ 235,687</u> | <u>\$ 1,336,822</u> |

Loan 2024

The District entered into a loan agreement with Alpine Bank, dated August 15, 2024, in the amount of \$1,000,000. The indebtedness was approved by the electorate on November 2023, for the purpose of financing construction of two new wells and ongoing wildfire mitigation plans.

The bonds bear interest from 6.00% per annum and mature on December 1, 2043. Principal payments vary and are payable annually on December 1 and interest payments vary and are payable bi-annually on June 1 and December 1.

The debt service requirements for the loan are as follows:

| <u>Year ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|-------------------|-------------------|---------------------|
| 2025 | \$ 27,330 | \$ 55,360 | \$ 82,690 |
| 2026 | 28,970 | 53,720 | 82,690 |
| 2027 | 30,708 | 51,982 | 82,690 |
| 2028 | 32,551 | 50,140 | 82,691 |
| 2028 | 34,504 | 48,186 | 82,690 |
| 2030-2034 | 206,171 | 207,280 | 413,451 |
| 2035-2039 | 275,903 | 137,548 | 413,451 |
| 2040-2043 | <u>286,530</u> | <u>44,231</u> | <u>330,761</u> |
| | <u>\$ 922,667</u> | <u>\$ 648,447</u> | <u>\$ 1,571,114</u> |

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6 – RETIREMENT BENEFITS

Security guards, based on semiannual performance reviews, are eligible for a \$1,000 bonus to be placed in a Traditional IRA plan. District matches dollar for dollar up to an additional \$1,000 for every dollar contributed by the guards. Limit is \$1,000 per year for bonus and \$1,000 for matching contributions per guard. In 2021, the District agreed to contribute an additional \$3,000. For the year ended December 31, 2024, the District contributed \$20,000. The District also contributed \$2,000 to the Manager’s Traditional IRA and \$2,400 to the Executive Director’s Traditional IRA.

NOTE 7 - BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis for the Enterprise Fund. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in the revenues under expenditures for the year ended December 31, 2024, is presented as follows:

| | |
|---|-----------------|
| Net revenues over (under) expenses (NON-GAAP basis) (Page 24) | \$ 547,292 |
| Less | |
| Debt proceeds | (1,000,000) |
| Depreciation | (296,717) |
| Amortization | (5,898) |
| Add | |
| Debt principle payments | 295,619 |
| Capital outlay | <u>468,761</u> |
| Net revenues over (under) expenses (GAAP basis) (Page 10) | \$ <u>9,057</u> |

NOTE 8 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1995 and thereafter.

The District has no authorized but unissued debt subject to the amendment's limitation. Based on fiscal year spending for 2024, \$59,774 of the year end fund equity in the Proprietary Fund has been reserved for emergencies.

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

On November 6, 2001, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitations under TABOR. The election is effective only for years beginning January 1, 2002, and thereafter.

STARWOOD METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2024

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the Starwood Metropolitan District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for the last three years.

The District participated in the Public Sector Health Care Group for employee health and accident coverage. The plan is administered by Intercare Health Plans in Englewood, Colorado. The plan provides coverage up to a maximum of \$25,000 for each claim, with commercial insurance providing coverage in excess of this limit.

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 28, 2025, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

SUPPLEMENTARY INFORMATION

STARWOOD METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2024

| | Budget | |
|---|---------------------|---------------------|
| | Original | Final |
| REVENUES | | |
| Water sales | \$ 225,000 | \$ 225,000 |
| Road impact fees | 85,000 | 85,000 |
| Property taxes | 1,661,632 | 1,661,632 |
| Specific ownership tax | 50,000 | 50,000 |
| Penalties and interest on delinquent taxes | - | - |
| Interest income | 3,000 | 3,000 |
| Tap fees | 7,500 | 7,500 |
| Debt proceeds | 1,000,000 | 1,000,000 |
| Other income | - | - |
| Rent income | 10,440 | 10,440 |
| TOTAL REVENUES | 3,042,572 | 3,042,572 |
| EXPENSES | | |
| Operating | | |
| Salaries | 108,165 | 108,165 |
| Employee benefits | 43,606 | 43,606 |
| Insurance | 46,000 | 46,000 |
| Supplies and expenses | 972,150 | 972,150 |
| Security | 619,075 | 619,075 |
| Purchased water | 21,000 | 21,000 |
| Total Operating | 1,809,996 | 1,809,996 |
| General and Administrative | | |
| Salaries | 123,134 | 123,134 |
| Employee benefits | 37,598 | 37,598 |
| Supplies and expenses | 374,100 | 374,100 |
| Treasurers fees | 83,082 | 83,082 |
| Total General and Administrative | 617,914 | 617,914 |
| Debt Service | | |
| Principal | 211,282 | 211,282 |
| Interest | 244,688 | 244,688 |
| Bond fees | 330 | 330 |
| Total Debt Service | 456,300 | 456,300 |
| Capital Outlay | 47,000 | 47,000 |
| TOTAL EXPENSES | 2,931,210 | 2,931,210 |
| NET CHANGE IN NET POSITION | 111,362 | 111,362 |
| NET POSITION, BEGINNING OF YEAR | 898,857 | 898,857 |
| NET POSITION, END OF YEAR | \$ 1,010,219 | \$ 1,010,219 |
| RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP | | |
| Add: | | |
| Capital outlay | | |
| Principal payment | | |
| Subtract: | | |
| Debt proceeds | | |
| Depreciation | | |
| Amortization | | |
| NET POSITION, END OF YEAR GAAP BASIS | | |

| Actual Amounts | Variance from final budget |
|-------------------|-------------------------------|
| \$ 187,503 | \$ (37,497) |
| 69,928 | (15,072) |
| 1,714,105 | 52,473 |
| 48,478 | (1,522) |
| 850 | 850 |
| 48,283 | 45,283 |
| 6,050 | (1,450) |
| 1,000,000 | - |
| 5,061 | 5,061 |
| 11,299 | 859 |
| <u>3,091,557</u> | <u>48,985</u> |

| | |
|------------------|----------------|
| 100,582 | 7,583 |
| 40,953 | 2,653 |
| 47,897 | (1,897) |
| 378,859 | 593,291 |
| 591,564 | 27,511 |
| 20,100 | 900 |
| <u>1,179,955</u> | <u>630,041</u> |

| | |
|----------------|---------------|
| 114,500 | 8,634 |
| 35,365 | 2,233 |
| 306,108 | 67,992 |
| 82,732 | 350 |
| <u>538,705</u> | <u>79,209</u> |

| | |
|----------------|------------------|
| 295,619 | (84,337) |
| 60,925 | 183,763 |
| 300 | 30 |
| <u>356,844</u> | <u>99,456</u> |
| <u>468,761</u> | <u>(421,761)</u> |

| | |
|------------------|----------------|
| <u>2,544,265</u> | <u>386,945</u> |
|------------------|----------------|

| | |
|---------|---------|
| 547,292 | 435,930 |
|---------|---------|

| | |
|------------------|------------------|
| <u>4,881,744</u> | <u>3,982,887</u> |
|------------------|------------------|

| | |
|-----------|---------------------|
| 5,429,036 | <u>\$ 4,418,817</u> |
|-----------|---------------------|

| |
|-------------|
| 468,761 |
| 295,619 |
| (1,000,000) |
| (296,717) |
| (5,898) |

| |
|---------------------|
| <u>\$ 4,890,801</u> |
|---------------------|

PAGE INTENTIONALLY LEFT BLANK