

**LAKOTA POINTE METROPOLITAN DISTRICT NO. 1**  
**BASIC FINANCIAL STATEMENTS AND**  
**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**  
**DECEMBER 31, 2024**

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**Rae & Co., CPAs, LLC**

P.O. Box 298 Cimnash Colorado, 80547

(970) 482-5312

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

Board of Directors  
Lakota Pointe Metropolitan District No. 1  
Winter Park, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakota Pointe Metropolitan District No. 1 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 Lakota Pointe Metropolitan District No. 1, as of December 31, 2024, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lakota Pointe Metropolitan District No. 1, 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 these 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 Lakota Pointe Metropolitan District No. 1'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.

## **Auditors' 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 auditors' 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Lakota Pointe Metropolitan District No. 1'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lakota Pointe Metropolitan District No. 1's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

## 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 Capital Projects Funds budget to actual schedule is presented for purposes of additional analysis and are 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. The 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 Capital Project's Fund budget to actual schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rae & Co., CPA, LLC*

Timnath, Colorado  
August 4, 2025

## **BASIC FINANCIAL STATEMENTS**

**LAKOTA POINTE METROPOLITAN DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION**  
**December 31, 2024**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>ASSETS</b>					
Cash - unrestricted	17,610	\$ -	\$ 17,610	\$ -	\$ 17,610
Cash - restricted	-	290,861	290,861	-	290,861
Due from Developer	3,672	275,394	279,066	-	279,066
Prepaid expenses	3,490	-	3,490	-	3,490
Capital assets not being depreciated	-	-	-	1,493,519	1,493,519
<b>Total assets</b>	<u>\$ 24,772</u>	<u>\$ 566,255</u>	<u>\$ 591,027</u>	<u>1,493,519</u>	<u>2,084,546</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,477	267,361	\$ 272,838	-	272,838
Accrued liabilities	15	-	15	-	15
Retainage payable	-	8,033	8,033	-	8,033
Liabilities payable from restricted assets					
Accounts payable	-	140,266	140,266	-	140,266
Retainage payable	-	40,151	40,151	-	40,151
Loans and Developer advances payable:					
Due in more than one year	-	-	-	1,962,794	1,962,794
<b>Total liabilities</b>	<u>5,492</u>	<u>455,811</u>	<u>461,303</u>	<u>1,962,794</u>	<u>2,424,097</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenses	3,490	-	3,490	(3,490)	
Restricted for:					
Emergency reserves	42,632	-	42,632	(42,632)	
Capital projects	-	110,444	110,444	(110,444)	
Unassigned	(26,842)	-	(26,842)	26,842	
<b>Total fund balances</b>	<u>19,280</u>	<u>110,444</u>	<u>129,724</u>	<u>(129,724)</u>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 24,772</u>	<u>\$ 566,255</u>	<u>\$ 591,027</u>	(591,027)	
<b>NET POSITION</b>					
Net investment in capital assets				-	-
Restricted for:					
Emergency reserves				42,632	42,632
Unrestricted				(382,183)	(382,183)
<b>Total net position</b>				<u>\$ (339,551)</u>	<u>\$ (339,551)</u>

The notes are an integral part of these statements

**LAKOTA POINTE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2024**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>EXPENDITURES AND EXPENSES</b>					
Current:					
Accounting and finance	\$ 20,438	\$ -	\$ 20,438	\$ -	\$ 20,438
Directors fees and taxes	400	-	400	-	400
District management	18,825	-	18,825	-	18,825
Office	1,321	-	1,321	-	1,321
Insurance and bonds	2,439	-	2,439	-	2,439
Legal	28,106	-	28,106	-	28,106
Elections	143	-	143	-	143
Service plan amendment	30,428	-	30,428	-	30,428
District website	936	-	936	-	936
Interest	-	-	-	73,138	73,138
Capital outlay	-	1,199,469	1,199,469	(1,199,469)	-
Total expenditures	<u>103,036</u>	<u>1,199,469</u>	<u>1,302,505</u>	<u>(1,126,331)</u>	<u>176,174</u>
<b>PROGRAM REVENUES</b>					
<b>NET PROGRAM EXPENSE</b>					
				<u>-</u>	<u>(176,174)</u>
<b>GENERAL REVENUES</b>					
Proceeds from Developer advances	111,150	1,309,913	1,421,063	(1,421,063)	-
Total general revenues and other financing sources	<u>111,150</u>	<u>1,309,913</u>	<u>1,421,063</u>	<u>(1,421,063)</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>					
	8,114	110,444	118,558	(118,558)	
<b>CHANGE IN NET POSITION</b>					
				176,174	(176,174)
<b>FUND BALANCES /NET POSITION</b>					
- BEGINNING OF YEAR	<u>11,166</u>	<u>-</u>	<u>11,166</u>	<u>-</u>	<u>(163,377)</u>
<b>FUND BALANCES/NET POSITION - END</b>					
- END OF YEAR	<u>\$ 19,280</u>	<u>\$ 110,444</u>	<u>\$ 129,724</u>	<u>\$ -</u>	<u>\$ (339,551)</u>

The notes are an integral part of these statements

**LAKOTA POINTE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2024**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Proceeds from Developer advances	\$ 148,200	\$ 111,150	\$ (37,050)
Total revenues and other financing sources	<u>148,200</u>	<u>111,150</u>	<u>(37,050)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current:			
Accounting and finance	23,100	20,438	2,662
District management	35,700	18,825	16,875
Office	1,500	1,321	179
Insurance and bonds	2,500	2,439	61
Legal	25,000	28,106	(3,106)
Elections	-	143	(143)
Service plan amendment	20,000	30,428	(10,428)
Special counsel	30,000	-	30,000
District website	1,000	936	64
District engineer	2,500	-	2,500
Director fees and taxes	1,900	400	1,500
Contingencies	5,000	-	5,000
Total expenditures and other financing uses	<u>148,200</u>	<u>103,036</u>	<u>45,164</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>8,114</u>	<u>\$ 8,114</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<u>11,166</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 19,280</u>	

The notes are an integral part of these statements

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lakota Pointe Metropolitan District No. 1 (District) is a metropolitan district formed pursuant to Title 32, Article 1, Colorado Revised Statutes ("C.R.S."). The District was organized as Lakota Pointe Metropolitan District pursuant to an Order and Decree issued by the District Court for Grand County on November 29, 2021 and recorded in the real property records of Grand County on December 9, 2021. The District's name was changed from "Lakota Pointe Metropolitan District" to "Lakota Pointe Metropolitan District No. 1" pursuant to an Order of the District Court for the County issued on January 29, 2025, and recorded in the real property records of the County on February 18, 2025. The District currently operates under a Consolidated First Amended and Restated Service Plan for the Lakota Pointe Metropolitan District Nos. 1-2, approved by the Town Council of the Town of Winter Park, Colorado on May 21, 2024. The creation of the District and authorization for issuance of the Bonds were approved by the electors of the District at an election held on November 2, 2021.

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

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for state and local governments in the United States. The following is a summary of the more significant policies.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position column and the statement of activities column) report information on all of the non-fiduciary activities of the District.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. Governmental activities are normally supported by taxes, system development fees, and investment earnings. For the year ended December 31, 2024 revenues consisted of advances from the Developer.

In the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities report all financial resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function 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 requirements of a particular function or segment. For the year ended December 31, 2024, the District has no program revenues. All revenues are reported as general revenues.

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

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

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

Measurement focus, basis of accounting, and financial statement presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities 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.

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balances/statement of activities 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.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 substantially collected within 60 days of the end of the current fiscal period. Developer advances associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. For most governments, debt service expenditures are recorded only when payment is due.

Fund accounting

The accounts of the District are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund balance, revenues and expenditures. The various funds are summarized by type within the financial statements.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Assets, Liabilities and Net Position/Fund Balances

*Cash and Investments* – Cash consists of deposits in financial institutions.

The District follows State statutes which allow the following investments:

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

*Receivables* – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2024, all receivables are comprised of Developer advances and are expected to be collected.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

*Capital Assets* - Capital assets, which include property, equipment, infrastructure, and intangibles are reported in the Statement of Net Position. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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. On June 4, 2024, the Town and the Developer entered into the Development Improvements Agreement. Under this agreement all Public Improvements will be conveyed to the Town. The water and sanitary sewer system improvements will be conveyed to the Winter Park Water and Sanitation District.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. At December 31, 2024, the District has no deferred outflows of resources. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2024, the District has no deferred inflows of resources.

*Net Position/Fund Balances* – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. At December 31, 2024, the District has negative Net Position of \$339,551. Due to the nature of metropolitan districts negative net position is not uncommon. It is anticipated that negative net position will not impact the District’s ability to fund its obligations.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

*Fund Balances* – Fund balances of the governmental funds are classified as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2024, the District has \$3,490 in nonspendable fund balance related to prepaid expenses.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2024, the District has \$42,632 restricted for emergencies and \$110,444 for capital projects.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the District’s Board of Directors (Board). The Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2024, the District has no committed fund balance.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2024, the District has no assigned fund balance.

*Unassigned* – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes. At December 31, 2024, the District has negative unassigned fund balance of \$26,842. Future tax revenues are anticipated to eliminate this deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of December 10 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges. In addition, delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November.

Property taxes are recognized in the year for which they are levied to support operations and at the fund level must also be measurable and available. For the taxes to be collected in 2025, the District has assessed taxable values of \$35,360. The District has not imposed a mill levy for the taxes to be collected in 2023, 2024, and 2025. As a result, the District has recorded no property tax revenue. Taxes will be collected and remitted monthly to the District by the Treasurer's Office of Grand County

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, will include grants and donations.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. A budget is legally adopted for all funds on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution. District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of a fund must be approved by the Board.

Tax, spending, and debt limitations

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government. On November 2, 2021, the District's voters approved the retention of all property taxes and all other District revenue in 2021 and annually thereafter without limitation under TABOR or other laws. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue shortfalls, or salary and benefit increases. As discussed above, the District has recorded \$42,632 of restricted net position and fund balance for emergencies at December 31, 2024.

NOTE 2 - CASH AND INVESTMENTS

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

Cash and investments - unrestricted	\$ 17,610
Cash and investments - restricted	290,861
	\$ 308,471

A summary of deposits and investments at December 31, 2024, follows:

Cash deposits	\$ 17,610
Amounts held in escrow	290,861
Total cash and investments	\$ 308,471

The District's investment policy addresses deposit and investment risks by following Colorado Revised Statutes and the prudent investor rule included in those statutes.

Deposits

*Custodial Credit Risk – Deposits* - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2024, the carrying amount and bank balance of the District's deposits were \$17,610, all of which was covered by FDIC insurance.

The Town, the District, the Developer, and Land Title Guarantee Company, LLC entered into a Public Improvement Escrow Agreement on August 19, 2024 related to the construction and/or installation of any of the Public Improvements. On August 26, 2024, the District deposited \$779,338 with Land Title Guarantee Company, LLC for the Phase I Public Infrastructure project. At December 31, 2024, \$290,861 of these funds remain unspent. Of this balance \$250,000 is covered by FDIC insurance and \$40,861 is uninsured and uncollateralized. This account is reported as restricted cash.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 294,050	\$ 1,119,469	\$ -	\$ 1,413,519
Land use rights	-	80,000	-	80,000
Total capital assets, not being depreciated	294,050	1,199,469	-	1,493,519
Governmental activities capital assets, net	<u>\$ 294,050</u>	<u>\$ 1,199,469</u>	<u>\$ -</u>	<u>\$ 1,493,519</u>

NOTE 4 – LONG TERM DEBT

Long term liability activity for the year ended December 31, 2024 was as follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024	Due in One Year
Private Placement					
Borrowings:					
Operating Advances					
Advances	\$ 103,672	\$ 111,150	\$ -	\$ 214,822	\$ -
Accrued Interest	3,871	12,781	-	16,652	-
Total Operating Advances	<u>107,543</u>	<u>123,931</u>	<u>-</u>	<u>231,474</u>	<u>-</u>
Capital Advances					
Advances	351,919	1,309,913	-	1,661,832	-
Accrued Interest	9,131	60,357	-	69,488	-
Total Capital Advances	<u>361,050</u>	<u>1,370,270</u>	<u>-</u>	<u>1,731,320</u>	<u>-</u>
Total Long Term Debt	<u>\$ 468,593</u>	<u>\$ 1,494,201</u>	<u>\$ -</u>	<u>\$ 1,962,794</u>	<u>\$ -</u>

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 4 – LONG TERM DEBT (CONTINUED)

The District and the Developer entered into the Funding and Reimbursement Agreement for Operation Costs on January 24, 2023, as amended on December 11, 2023 and November 25, 2024. The amount of advances under this agreement will not exceed \$420,000. Advance funds are available to the District through December 31, 2025. The Subordinate Note issued under this agreement bears an interest at a rate of 2% plus the Federal Reserve Bank Prime Rate, or 6%, whichever is greater, not to exceed 8%, and is compounded annually. This note has a maturity date of January 23, 2063. The District has no obligation to repay any outstanding balances 40 years after this maturity date.

The District and the Developer also entered into the Improvement, Acquisition, Advance and Reimbursement Agreement for costs related to capital improvements dated as of January 24, 2023, as amended on December 11, 2023 and on November 25, 2024. The amount of advances under this agreement will not exceed \$8,000,000. Advance funds are available to the District through December 31, 2025. The Subordinate Note issued under this agreement bears an interest at a rate of 2% plus the Federal Reserve Bank Prime Rate, or 6%, whichever is greater, not to exceed 8%, and is compounded annually. This note has a maturity date of January 23, 2063. The District has no obligation to repay any outstanding balances on the maturity date.

NOTE 5 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government Funds Balance Sheet/Statement of Net Position includes an adjustment column. The adjustments have the following elements:

	<b>Effect on Net Position</b>
Capital assets for governmental activities are not financial resources and therefore are not reported in the funds.	\$ 1,493,519
Long term liabilities such as Developer Advances, and accrued interest payable are not due and payable in the current period, and therefore, are not reported in the funds.	(1,962,794)

The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities includes an adjustment column. The adjustments have the following elements:

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 5 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS  
CONTINUED)

	<b>Effect on Change in Net Position</b>
Governmental funds report the proceeds of debt as revenues while it is reported as an increase in long-term debt in the Statement of Net Position.	
Proceeds from Developer advances	\$ (1,421,063)
Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the Statement of Activities.	73,138
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is no longer reported as an expense.	1,199,469

NOTE 6 - RELATED PARTIES

Lakota Pointe Winter Park, LLC

The members of the Board of Directors own the Developer, Lakota Pointe Winter Park, LLC (LPWP). During the year ended December 31, 2024, LPWP advanced the District \$111,150 in operating funds and \$1,121,357 in capital funds. In addition, at December 31, 2024, LPWP owes the District additional operating advances of \$3,672 and capital advances of \$275,394 for accrued expenses. In total, at December 31, 2024, the District owes LPWP \$1,876,654 for advances and \$86,140 for interest on those advances.

At December 31, 2024, the District owes members of the Board of Directors \$185.

As required by Colorado statute, the Board members filed conflict of interest statements with the Secretary of State’s Office and announce potential conflicts of interest at the start of each Board meeting.

Lakota Pointe Metropolitan District No. 2

In 2025, Lakota Pointe Metropolitan District No. 2 (District No. 2) was formed. District No. 2 has the same Board of Directors, the two districts operate under a consolidated service plan, and District No. 2 has a Funding and Reimbursement agreement with LPWP.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 7 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

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

The District pays annual premiums to the Pool for liability, property, public officials and 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.

NOTE 8 - AUTHORIZED BUT UNISSUED DEBT

At December 31, 2024, the District had the following authorized but unissued debt. The Service Plan limits the total principal amount of debt to be issued to be \$14,000,000.

	<u>Total Authorized</u>	<u>Remaining at December 31, 2024</u>
Public improvements		
Street improvements	\$ 65,600,000	\$ 65,600,000
Parks and recreation	65,600,000	65,600,000
Water	65,600,000	65,600,000
Sanitation	65,600,000	65,600,000
Transportation	65,600,000	65,600,000
Mosquito control	65,600,000	65,600,000
Safety protection	65,600,000	65,600,000
Fire protection	65,600,000	65,600,000
Television relay and translation	65,600,000	65,600,000
Security	65,600,000	65,600,000
Refunding bonds		
Refunding bonds	131,200,000	131,200,000

At December 31, 2024, the District had remaining Developer operating advances of \$205,178 and Developer capital advances \$6,690,087.

**LAKOTA POINTE METROPOLITAN DISTRICT NO.1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

NOTE 9 - COMMITMENTS

At December 31, 2024, the District has entered into contracts for construction, construction management and engineering totaling \$3,034,325. The amounts remaining on these contracts is \$2,372,607 on that date.

NOTE 10 - SUBSEQUENT EVENTS

In April, 2025, the District issued \$4,500,000 in Limited Tax General Obligation Bonds Series 2025A (Series 2025A) and \$1,185,000 in Subordinate Limited Tax General Obligation Bonds Series 2025B (Series 2025B). The Series 2025A Bonds bear interest at a rate of 6.00%. Interest payments begin in 2025 and principal payments begin in 2031. The 2025B Series Bonds bear interest at a rate of 8.25%. These bonds have no fixed principal or interest payment schedule but are forecasted to begin to make interest payments beginning in 2031 and principal payments beginning in 2047. These bonds will be paid from dedicated property and specific ownership taxes.

The District anticipates using approximately \$1.3 million of the bond proceeds to repay Developer Advances and formation costs.

**SUPPLEMENTARY INFORMATION**

**LAKOTA POINTE METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**Year Ended December 31, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Proceeds from debt	\$ 2,975,000	\$ 1,309,913	\$ (1,665,087)
Total revenues and other financing sources	<u>2,975,000</u>	<u>1,309,913</u>	<u>(1,665,087)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,975,000</u>	<u>1,199,469</u>	<u>1,775,531</u>
Total expenditures	<u>2,975,000</u>	<u>1,199,469</u>	<u>1,775,531</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ -</u></u>	110,444	<u><u>\$ 110,444</u></u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<u>-</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u><u>\$ 110,444</u></u>	