

The Lakes at Centerra Metropolitan District No. 1
Larimer County, Colorado

AUDITORS' REPORT AND FINANCIAL STATEMENTS
December 31, 2024 and 2023




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INDEPENDENT AUDITORS' REPORT

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Board of Directors and Management
The Lakes at Centerra Metropolitan District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Lakes at Centerra Metropolitan District No. 1 (the "District") as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2024 and 2023 and the respective changes in financial position for the years 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 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 opinion.

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 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

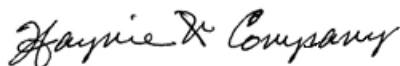
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Accounting principles generally accepted in the United States of America require that the General Fund – Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise District's financial statements as a whole. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Littleton, Colorado
September 26, 2025

BASIC FINANCIAL STATEMENTS

The Lakes at Centerra Metropolitan District No. 1
Statements of Net Position
For the Years Ended December 31, 2024 and 2023

	Governmental Activities	
	2024	2023
Assets		
Cash and investments	\$ 799,347	\$ 607,355
Accounts receivable	85,697	32,397
Developer advances receivable	107,396	196,350
Due from other government	15,000	12,000
Prepaid expenses	14,777	12,116
Capital assets, not depreciated	2,466,162	1,779,665
Capital assets, net of depreciation	4,555,622	4,861,765
Total assets	8,044,001	7,501,648
Liabilities		
Accounts payable	116,548	87,854
Payroll liabilities	321	321
Service fee payable	16,302	-
Retainage payable	64,396	24,689
Total liabilities	197,567	112,864
Net position		
Net investment in capital assets	7,021,784	6,641,430
Restricted for emergencies	22,345	14,593
Unrestricted	802,305	732,761
Total net position	\$ 7,846,434	\$ 7,388,784

See accompanying notes to basic financial statements

The Lakes at Centerra Metropolitan District No. 1
Statements of Activities
For the Years Ended December 31, 2024 and 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and</u> <u>Changes in Net Position</u>	
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental Activities</u>	
				<u>2024</u>	<u>2023</u>
Primary government:					
Governmental activities:					
General government	\$ 1,350,088	\$ 692,818	\$ -	\$ (657,270)	\$ (716,332)
Total governmental activities	<u>\$ 1,350,088</u>	<u>\$ 692,818</u>	<u>\$ -</u>	<u>\$ (657,270)</u>	<u>\$ (716,332)</u>
General Revenues:					
Interest				\$ 52,017	\$ 67,389
Other				851,664	1,314,220
Special Items:					
Capital assets conveyed to the City of Loveland				-	(18,511,211)
Contributions from other government				<u>211,239</u>	<u>-</u>
Total general revenues				<u>1,114,920</u>	<u>(17,129,602)</u>
Change in net position				457,650	(17,845,934)
Net position - beginning				<u>7,388,784</u>	<u>25,234,718</u>
Net position - ending				<u>\$ 7,846,434</u>	<u>\$ 7,388,784</u>

See accompanying notes to basic financial statements

The Lakes at Centerra Metropolitan District No. 1
Balance Sheet
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>	
			<u>2024</u>	<u>2023</u>
Assets				
Cash and investments	\$ 692,104	\$ 107,243	\$ 799,347	\$ 607,355
Accounts receivable	3,766	81,931	85,697	32,397
Developer advance receivable	-	107,396	107,396	196,350
Due from other government	15,000	-	15,000	12,000
Prepaid expenses	14,777	-	14,777	12,116
Total assets	<u>\$ 725,647</u>	<u>\$ 296,570</u>	<u>\$ 1,022,217</u>	<u>\$ 860,218</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 19,741	\$ 96,807	\$ 116,548	\$ 87,854
Payroll liabilities	321	-	321	321
Service fee payable	16,302	-	16,302	-
Retainage payable	-	-	-	24,689
Total liabilities	<u>36,364</u>	<u>96,807</u>	<u>133,171</u>	<u>112,864</u>
Fund balance				
Nonspendable	14,777	-	14,777	12,116
Restricted for emergencies	22,345	-	22,345	14,593
Committed for capital projects	-	199,763	199,763	313,506
Unassigned	652,161	-	652,161	407,139
Total fund balance	<u>\$ 689,283</u>	<u>\$ 199,763</u>	<u>\$ 889,046</u>	<u>\$ 747,354</u>
Total liabilities and fund balance	<u>\$ 725,647</u>	<u>\$ 296,570</u>		

Amounts reported for governmental activities in the Statement of Net Position are different because:

Retainage payable does not use current financial resources and therefore is not included in fund financial statements.	(64,396)	-
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds	<u>7,021,784</u>	<u>6,641,430</u>
Net position of governmental activities	<u>\$ 7,846,434</u>	<u>\$ 7,388,784</u>

The Lakes at Centerra Metropolitan District No. 1
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>	
			2024	2023
Revenues				
Service fees	\$ 692,818	\$ -	\$ 692,818	\$ 448,305
Developer contributions	-	851,664	851,664	1,314,220
Contributions from other government	-	211,239	211,239	-
Interest	52,017	-	52,017	67,389
Total revenues	<u>744,835</u>	<u>1,062,903</u>	<u>1,807,738</u>	<u>1,829,914</u>
Expenditures				
Current				
General government	489,400	17,815	507,215	385,910
Capital outlay	-	1,158,831	1,158,831	1,518,713
Total Expenditures	<u>489,400</u>	<u>1,176,646</u>	<u>1,666,046</u>	<u>1,904,623</u>
Excess (deficiency) of revenues over expenditures	<u>255,435</u>	<u>(113,743)</u>	<u>141,692</u>	<u>(74,709)</u>
Net Change in fund balances	255,435	(113,743)	141,692	(74,709)
Fund balance, beginning of year	<u>433,848</u>	<u>313,506</u>	<u>747,354</u>	<u>822,063</u>
Fund balance, end of year	<u>\$ 689,283</u>	<u>\$ 199,763</u>	<u>\$ 889,046</u>	<u>\$ 747,354</u>

See accompanying notes to basic financial statements

**The Lakes at Centerra Metropolitan District No. 1
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Years Ended December 31, 2024 and 2023**

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

Net changes in fund balances - Total governmental funds	\$	141,692
Retainage payable does not use current financial resources and therefore is not included in fund financial statements.		(64,396)
<p>Capital outlays are reported in the governmental funds as an expenditure; however, for governmental activities, these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.</p>		
Capital outlay		686,497
Depreciation and amortization expense		(306,143)
		380,354
Change in net position of governmental activities	\$	457,650

The Lakes at Centerra Metropolitan District No. 1

Notes to Financial Statements

December 31, 2024 and 2023

1. Definition of Reporting Entity

The Lakes at Centerra Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant the Colorado Special District Act (§32-1-101, et al, C.R.S.). The District operates under a service plan initially approved by the City of Loveland on September 4, 2007. The District's service area is located in Larimer County, Colorado.

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. Board members are elected or can be appointed to fill a vacancy if necessary.

Pursuant to governmental accounting standards the District is financially accountable for any organizations that make up its legal entity. It is also financially accountable for any 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 to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District has determined that it is not financially accountable to any organizations and does not include additional organizations in its reporting entity.

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

2. Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles ("GAAP") as applicable to governments. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of the 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*.

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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.

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the construction of public infrastructure and other capital improvements within the District.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Capital Assets

Capital assets, which include property and equipment, are reported in the 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 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. 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 the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between fifteen and thirty years.

Use of Estimates

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

Net Position

The government-wide financial statements utilize a net position presentation. Net position components are investment in capital assets, restricted, or unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance Classification

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

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

The District would typically first spend restricted fund balances, followed by committed resources, and then assigned resources, as appropriate opportunities arise. The District reserves the right to selectively spend the Unassigned balance.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- 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 any fund must be approved by the Board at a public hearing.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

4. Cash and Investments

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

Deposits	\$ 75,280
Investments	<u>724,064</u>
Total	<u><u>\$ 799,344</u></u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

4. Cash and Investments (continued)

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. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2024, the District had deposits with financial institutions with a carrying amount of \$75,280. The bank balances with the financial institutions were \$75,280. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

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

The District adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments must be consistent with the non-cash requirements of the District, except for liquid investments where the average duration may not exceed two years and the maximum duration may not exceed 5 years.

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of 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
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

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

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
COLOTRUST	Weighted average under 60 days	724,064

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

4. Cash and Investments (continued)

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 offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. The three portfolios differ in the types of the investments held, but all invest in investments allowed by Colorado statutes for local governments. COLOTRUST PRIME AND COLOTRUST PLUS+ invest in securities with a weighted average maturity of 60 days or less, while COLOTRUST EDGE invests in securities with a weighted average maturity of less than five years. 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. 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. These pools are not required to be, and are not, registered with the SEC.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

5. Capital Assets

Capital assets activity for the year ended December 31, 2024, is summarized below:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Governmental Activities				
Capital assets, not depreciated				
Construction in progress	\$ 1,779,665	\$ 686,497	\$ -	\$ 2,466,162
Capital assets, depreciated				
Infrastructure	6,289,063	-	-	6,289,063
Less accumulated depreciation				
Infrastructure	1,427,298	306,143	-	1,733,441
Total capital assets, depreciated, net	4,861,765	(306,143)	-	4,555,622
Governmental activities, Capital assets, net	\$ 6,641,430	\$ 380,354	\$ -	\$ 7,021,784

Depreciation is charged to the general government program of the District.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

6. Related Parties

All of the members of the Board are employees of McWhinney Real Estate Services, Inc., manager of Centerra Investments, CR Development, and C I Two (the “Developers”) and may be owners and/or investors in the Developers. The District does not owe the Developers any amounts as of December 31, 2024.

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the “Pool”). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

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

8. Debt Authorization

On November 6, 2007, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness as follows:

- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for the cost of constructing street improvements; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for the cost of constructing parks and recreation facilities; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for the cost of constructing a water and distribution system; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for the cost of constructing a sanitation system; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for the cost of constructing transportation facilities and equipment; and

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Notes to Financial Statements
December 31, 2024 and 2023

8. Debt Authorization (continued)

- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for mosquito control purposes; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for safety purposes; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for security improvement purposes; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for television relay and translation purposes; and
- An amount not to exceed \$1,000,000 at an interest rate not to exceed 12% per annum, for operations and maintenance purposes; and
- An amount not to exceed \$100,000,000 at an interest rate not to exceed 12% per annum, for the cost of refunding bonds; and
- An amount not to exceed \$51,000,000 at an interest rate not to exceed 12% per annum, for the cost of intergovernmental agreements; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, for reimbursement agreement purposes; and
- An amount not to exceed \$51,000,000 at an interest rate not to exceed 12% per annum, for the cost of construction management; and
- An amount not to exceed \$50,000,000 at an interest rate not to exceed 12% per annum, to issue mortgages on District real and personal property.

The District's Service Plan includes a debt authorization limit of \$50,000,000. As of December 31, 2024, the District has issued all of its authorized debt.

9. Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Revenue (excluding bond proceeds). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2024, the District had \$22,345 restricted for emergencies.

The Lakes at Centerra Metropolitan District No. 1
Notes to Financial Statements
December 31, 2024 and 2023

9. Tax, Spending and Debt Limitations (continued)

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

10. Subsequent Events

Subsequent events have been evaluated through the auditors' report date, which is the date the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

REQUIRED SUPPLEMENTAL INFORMATION

The Lakes at Centerra Metropolitan District No. 1
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Years Ended December 31, 2024 and 2023

	2024			2023 Actual
	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)	
Revenues				
Service fees	\$ 733,087	\$ 692,818	\$ (40,269)	\$ 448,305
Interest	8,500	52,017	43,517	38,117
Total revenues	<u>741,587</u>	<u>744,835</u>	<u>3,248</u>	<u>486,422</u>
Expenditures				
General government				
Accounting and administration	55,800	55,800	-	55,500
Audit	15,000	26,500	(11,500)	11,000
District management	86,100	86,100	-	80,500
Director's fees	7,700	4,000	3,700	5,200
Maintenance	54,000	29,227	24,773	21,112
Payment to HOA	200,000	200,000	-	84,700
Landscaping	1,500	-	1,500	-
Insurance	12,500	12,116	384	11,528
Legal expenses	50,000	66,124	(16,124)	34,529
Office, dues and other	8,000	8,142	(142)	13,735
Elections	4,500	731	3,769	5,161
Contingency	10,000	-	10,000	-
Website Hosting	1,200	660	540	-
Total expenditures	<u>506,300</u>	<u>489,400</u>	<u>16,900</u>	<u>322,965</u>
Excess (deficiency) of revenue over expenditures	<u>235,287</u>	<u>255,435</u>	<u>20,148</u>	<u>163,457</u>
Net change in fund balance	235,287	255,435	20,148	163,457
Fund balance, beginning of year	<u>248,508</u>	<u>433,848</u>	<u>185,340</u>	<u>270,391</u>
Fund balance, end of year	<u><u>\$ 483,795</u></u>	<u><u>\$ 689,283</u></u>	<u><u>\$ 205,488</u></u>	<u><u>\$ 433,848</u></u>

See accompanying notes to basic financial statements

SUPPLEMENTAL INFORMATION

The Lakes at Centerra Metropolitan District No. 1
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Years Ended December 31, 2024 and 2023

	2024			Variance Favorable (Unfavorable)	2023 Actual
	Original Budget	Final Budget	Actual		
Revenues					
Contributions	\$ 762,829	\$ 1,442,785	\$ 1,062,903	\$ (379,882)	\$ 1,343,492
Total revenues	<u>762,829</u>	<u>1,442,785</u>	<u>1,062,903</u>	<u>(379,882)</u>	<u>1,343,492</u>
Expenditures					
Current					
District management	24,960	24,960	16,440	8,520	18,750
Engineering and surveying	2,500	2,500	1,375	1,125	44,195
Lakes residential	356,298	356,298	-	356,298	-
Capital expenditures	379,071	1,059,027	1,158,831	(99,804)	1,518,713
Total expenditures	<u>762,829</u>	<u>1,442,785</u>	<u>1,176,646</u>	<u>266,139</u>	<u>1,581,658</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>(113,743)</u>	<u>(113,743)</u>	<u>(238,166)</u>
Net change in fund balance	-	-	(113,743)	(113,743)	(238,166)
Fund balance, beginning of year	-	-	313,506	313,506	551,672
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,763</u>	<u>\$ 199,763</u>	<u>\$ 313,506</u>

See accompanying notes to basic financial statements