



TWO BRIDGES

METROPOLITAN DISTRICT



FINANCIAL STATEMENTS

**As of and for the 12-month period ended
December 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Two Bridges Metropolitan District
Douglas County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Two Bridges Metropolitan District (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, 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 as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado
May 7, 2025

TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 111,740
Cash and investments – restricted	521,360
Accounts receivable	1,224
Specific ownership taxes receivable	2,227
Property taxes receivable	350,100
Prepaid expenses	28,627
Non-depreciable capital assets	656,655
Depreciable capital assets, net	1,495,957
Total Assets	3,167,890
LIABILITIES	
Accounts payable and accrued liabilities	-
Prepaid maintenance fees	4,975
Accrued interest payable	326,982
Current portion of general obligation refunding bonds	40,000
General obligation refunding bonds	3,608,000
Total Liabilities	3,979,957
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	350,100
Total Deferred Inflows of Resources	350,100
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	5,200
Debt service	457,879
Capital projects	60,000
Non-spendable	28,627
Unassigned:	(1,713,873)
Net Position (Deficit)	\$ (1,162,167)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2024**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	\$ (147,988)	\$ 112,251	\$ -	\$ -	\$ (35,737)
Interest and related costs on long-term debt	(248,333)		-	-	(248,333)
Capital project activities	(66,600)	-	-	-	(66,600)
	<u>\$ (462,921)</u>	<u>\$ 112,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(350,670)</u>
General Revenues					
					333,567
					24,838
					27,783
					386,188
					35,518
					(1,197,685)
					\$ (1,162,167)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 111,740	\$ -	\$ -	\$ 111,740
Cash and investments - Restricted	5,200	456,160	60,000	521,360
Accounts receivable	1,224	-	-	1,224
Specific ownership taxes receivable	508	1,719	-	2,227
Property taxes receivable	82,100	268,000	-	350,100
Prepaid expenses	28,627	-	-	28,627
TOTAL ASSETS	\$ 229,399	\$ 725,879	\$ 60,000	\$ 1,015,278
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Prepaid maintenance fees	4,975	-	-	4,975
TOTAL LIABILITIES	4,975	-	-	4,975
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	82,100	268,000	-	350,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	87,075	268,000	-	355,075
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	5,200	-	-	5,200
Debt service	-	457,879	-	457,879
Capital projects	-	-	60,000	60,000
Non-spendable	28,627	-	-	28,627
Unrestricted	108,497	-	-	108,497
TOTAL FUND BALANCES	142,324	457,879	60,000	660,203
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 229,399	\$ 725,879	\$ 60,000	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land	656,655
Property, structures and equipment, net	1,495,957
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(3,648,000)
Accrued interest payable	(326,982)
Net position of governmental activities	\$ (1,162,167)

These financial statements should be read only in connection with the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	\$ 76,047	\$ 257,520	\$ -	\$ 333,567
Specific ownership taxes	5,663	19,175	-	24,838
Operations and maintenance fee - developed lots	108,000			108,000
Operations and maintenance fee - vacant lots	-			-
ARC review fees	1,700	-	-	1,700
Land lease income	1,504	-	-	1,504
Covenant violation fine income	600			600
Fine reversals	(150)			(150)
Reimb expenses - collection costs	597			597
Net investment income	9,847	17,936	-	27,783
Total Revenues	203,808	294,631	-	498,439
EXPENDITURES				
General and administration	75,102	-	-	75,102
Landscaping maintenance	36,051	-	-	36,051
Other district expenses	23,505	-	-	23,505
Trash removal expenses	13,330	-	-	13,330
Debt service				
Direct and indirect collection costs	-	9,866	-	9,866
Interest Expense - Series 2018A Bonds	-	178,594	-	178,594
Interest Expense - Series 2018B Bonds	-	-	-	-
Bond principal - 2018A Series Bonds	-	35,000	-	35,000
Major capital projects	-	-	-	-
Total Expenditures	147,988	223,460	-	371,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,820	71,171	-	126,991
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(30,000)	-	30,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	25,820	71,171	30,000	126,991
FUND BALANCES – BEGINNING	116,504	386,708	30,000	533,212
FUND BALANCES – END OF YEAR	\$ 142,324	\$ 457,879	\$ 60,000	\$ 660,203

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2024**

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

Net change in fund balances – Total government funds	\$	126,991
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal		35,000
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Depreciation expense on property, structures and equipment		(66,600)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(Increase) / Decrease in accrued interest on 2018A bonds		-
(Increase) / Decrease in accrued interest on 2018B bonds		(59,873)

Changes in net position of governmental activities	\$	<u>35,518</u>
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 75,600	\$ 76,047	\$ 447
Specific ownership taxes	6,800	5,663	(1,137)
Operations and maintenance fee - developed lots	107,000	108,000	1,000
Operations and maintenance fee - vacant lots	-	-	-
ARC review fee income	1,500	1,700	200
Land lease income	9,000	1,504	(7,496)
Covenant violation fine income	-	600	600
Fine reversals	-	(150)	(150)
Reimb expenses - collection costs	-	597	597
Net investment income	100	9,847	9,747
Total Revenues	200,000	203,808	3,808
EXPENDITURES			
General and administration	66,300	75,102	(8,802)
Landscaping maintenance	58,700	36,051	22,649
Other district expenses	19,500	23,505	(4,005)
Weekly trash pick-up services	13,300	13,330	(30)
Total Expenditures	157,800	147,988	9,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,200	55,820	13,620
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	(30,000)	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	12,200	25,820	13,620
FUND BALANCE – BEGINNING OF YEAR	121,100	116,504	(4,596)
FUND BALANCE – END OF YEAR	\$ 133,300	\$ 142,324	\$ 9,024

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 36,000	\$ 38,100	\$ (2,100)
Administrative costs	2,000	2,531	(531)
Audit fees	7,000	8,500	(1,500)
Collection fees – County Treasurer	1,200	1,142	58
Board of Directors’ fees	-	-	-
Board training and conferences	3,000	-	3,000
Insurance	6,800	6,534	266
Legal fees	8,000	18,007	(10,007)
Indirect Cost Allocation	-	-	-
Contingency	2,300	288	2,012
Total General and Administration	<u>\$ 66,300</u>	<u>\$ 75,102</u>	<u>\$ (8,802)</u>
LANDSCAPING MAINTENANCE			
Ground maintenance fees	24,400	24,336	64
Tree maintenance & replacement	-	-	-
Sprinkler repairs	2,500	908	1,592
Sprinklers – electricity	1,800	1,547	253
Landscaping projects	20,000	-	20,000
Detention pond maintenance	6,500	9,260	(2,760)
Miscellaneous landscape costs	3,500	-	3,500
Total Landscaping Maintenance	<u>\$ 58,700</u>	<u>\$ 36,051</u>	<u>\$ 22,649</u>
OTHER DISTRICT EXPENSES			
Election management services	-	-	-
Covenant control services	7,500	5,893	1,607
Traffic management services	-	5,450	(5,450)
Seasonal decorations	500	250	250
Property insurance	10,000	10,448	(448)
Community mailbox maintenance	1,000	-	1,000
Monument sign maintenance	500	1,464	(964)
Total Other District Expenses	<u>\$ 19,500</u>	<u>\$ 23,505</u>	<u>\$ (4,005)</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2024

NOTE 1 – DEFINITION OF REPORTING ENTITY

Two Bridges Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 10, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Douglas County (County) on September 15, 2009 and amended and restated with County approval on November 7, 2017. The District's service area is located in Franktown and is comprised of 60 single family homes on the south side of Bayou Gulch Road approximately 2 miles east of S Parker Road. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

The District was originally organized under the name of High Prairie Polo Club Metropolitan District No. 2. The District changed its name to Two Bridges Metropolitan District, effective August 25, 2016.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

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

Budgets

In accordance with Colorado State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash

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

Investments are carried at net asset value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. For 2023, specific ownership taxes received from the State was equal to approximately 7.4% of total property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Land Lease Revenue

The District leases a certain land tract owned by the District to a third-party for farming use.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, on properties that the District deems to be in violation of the restrictive covenants provided in the Amended and Restated Declaration of Protective Covenants and Easements of Two Bridges filed with the Douglas County Clerk & Recorder's Office on October 04, 2017 at reception number 2017067682 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective properties. The District presents

reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2024 are comprised of property taxes due from Douglas County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and
- 3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a 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.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments – unrestricted	\$ 111,740
Cash and investments – restricted	521,360
Total cash and investments	\$ 633,100

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

Deposits with financial institutions	\$ 95,586
Investments	537,514
Total cash and investments	\$ 633,100

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the District's cash deposits had a bank balance of \$93,786 and carrying balance of \$95,586.

Investments

The District has not adopted a formal investment policy. However, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

As of December 31, 2024, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 81,798
ColoTrust Plus+ (Colostrust)	Weighted Average Under 60 Days	455,716
		\$ 537,514

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAmmf by Fitch Group.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. No limitations exist on the District's ability to withdraw funds invested in Colostrust. Colostrust is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2024, follows:

	Balance at Dec. 31, 2023	Additions	Dedications	Balance at Dec. 31, 2024	Accumulated Depreciation
East Bridge - Façade improvements	\$ 960,000	\$ -	\$ -	\$ 960,000	(\$ 184,743)
Monument sign	285,000	-	-	285,000	(42,750)
Fencing + stone columns	143,500	-	-	143,500	(43,050)
Community mailboxes	25,000	-	-	25,000	(2,490)
Storm water detention pond structures	395,000	-	-	395,000	(39,510)
Capital assets being depreciated, net	\$ 1,808,500	\$ -	\$ -	\$ 1,808,500	(\$ 312,543)

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

The Developer (defined in Note 9) owns two land tracts within the District totaling approximately 84.5 acres, which are zoned for residential use. The District owns 12 land tracts totaling 293.94 acres designated for public open space use and storm water management purposes. The District has recorded the public land at a nominal value of \$656,655 (or \$2,234/acre).

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
Series 2018A Bonds	\$ 3,175,000	\$ -	(\$ 35,000)	\$ 3,140,000	\$ 40,000
Accrued Interest – Series 2018A Bonds	14,818	178,595	(178,594)	14,819	14,819
Series 2018B Bonds	508,000	-	-	508,000	-
Accrued Interest – Series 2018B Bonds	252,290	59,873	-	312,163	-
Total	\$ 3,950,108	\$ 238,468	(\$ 213,594)	\$ 3,974,982	\$ 40,000

Details regarding the District's long-term obligations are as follows:

Series 2018A General Obligation Limited Tax Bonds (2018A Bonds)

On August 23, 2018, the District issued General Obligation Limited Tax Bonds, Series 2018A in the amount of \$3,215,000. The 2018A Bonds is comprised of one issue with a stated interest rate of 5.625% and a maturity date of August 1, 2048. The 2018A Bonds are payable semi-annually on June 1 and December 1.

The proceeds from the sale of the 2018A Bonds were used as follows:

Bond proceeds	\$ 3,215,000
Less:	
Funds restricted for the Senior Reserve Fund	(269,000)
Capitalized interest costs	(320,495)
Underwriter's discount	(64,300)
Legal, accounting and other costs of issuance	(207,736)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 2,353,469

The 2018A Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all fees, rates, tolls, penalties, and charges of a capital nature imposed by the District; and
- d) any other legally available amounts that the District may designate towards payment of the 2018A Bonds.

The 2018 Indenture of Trust Agreement for the 2018A Bonds establishes a Maximum Debt Mill levy the District is permitted to impose on taxable property within the District to fund the repayment of the 2018A Bonds. The Maximum Debt Mill Levy is 45 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016 – at which time, the ratio was 7.96%. The ratio for the 2024 collection year was 6.70%, which causes the District's Maximum Debt Mill Levy for debt service for 2024 to be 53.463.

Amounts on deposit in the Senior Reserve Fund and the Senior Surplus Fund also secure payment of the Senior Bonds. After payment of any amounts due on the Senior Bonds, any remaining Senior Pledged Revenue, if any, is to be used to (1) fund the Reserve Fund up to the Reserve Requirement of \$269,000 and then (2) fund the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$321,500. Any Senior Pledged Revenue remaining after fully funding the Reserve Fund and the Surplus Fund ("Excess Senior Pledged Revenue") is to be applied towards the repayment of the 2018B Bonds. As of December 31, 2024, the cash balance held in the Reserve Fund and the Senior Surplus Fund was \$269,935 and \$182,452, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 1, 2024, to November 30, 2025	2.0%	\$ 64,100
December 1, 2025, to November 30, 2026	1.0%	\$ 32,050
December 1, 2026, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the 2018A Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 40,000	\$ 176,625	\$ 216,625
2026	45,000	174,375	219,375
2027	45,000	171,844	216,844
2028	55,000	169,313	224,313
2029	55,000	166,219	221,219
2030 - 2034	380,000	776,251	1,156,251
2035 - 2039	560,000	650,532	1,210,532
2040 - 2044	805,000	466,876	1,271,876
2045-2048	1,155,000	190,125	1,345,125
Total	\$ 3,140,000	\$ 2,942,160	\$ 6,082,160

The District's detail debt service schedule for its Senior Bonds is provided on page 27.

Series 2018B Subordinate General Obligation Limited Tax Bonds (2018B Bonds)

On August 23, 2018, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2018B in the amount of \$508,000. The stated interest rate on the 2018B Bonds is 7.875% per annum, and the 2018B Bonds are payable annually on December 15, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on August 01, 2048. The 2018B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2018B Bonds compounds annually on each December 15. In the event any amounts due and owing on the 2018B Bonds remain outstanding on December 16, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the 2018B Bonds were used as follows:

Bond proceeds	\$ 508,000
Less:	
Underwriter's discount	(15,240)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 492,760

The 2018B Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Required Subordinate Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Required Subordinate Mill Levy);
- c) any Excess Senior Pledged Revenue;
- d) any other legally available amounts that the District may designate towards payment of the Subordinate Bonds.

The 2018B Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2024, to December 14, 2025	2.0%	\$ 10,160
December 15, 2025, to December 14, 2026	1.0%	\$ 5,080
December 15, 2026, and thereafter	0.0%	\$ -

Events of Default – Series 2018 Bonds

The following events are considered events of default under the 2018 bond indentures of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Indenture of Trust and remitted all Pledged Revenues to the Trustee. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – TABOR

On November 07, 2023, 103 of the District’s electors voted in an election (1) approving by a margin of 94% to eliminate all of the District’s remaining unused voter-authorized borrowing power and (2) approving by a margin of 96% to eliminate the District’s voter authority to enter into multiple fiscal year financial obligations with other entities.

Debt Authorization – Service Plan

The District’s Amended and Restated Service Plan authorizes the District to issue up to \$8 million in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016 – at which time, the ratio was 7.96%. The ratio for the 2024 collection year was 6.70%, which causes the District’s Maximum Debt Mill Levy for debt service for 2024 to be 59.403.

As of December 31, 2024, total remaining debt issuance authorization under the District’s Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 8,000,000
Less:	
2018A Bonds	(3,215,000)
2018B Bonds	(508,000)
Unused, authorized debt issuance	\$ 4,277,000

NOTE 7 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation

agreements with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. These contingent obligation agreements are not transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2024:

Operations Funding Agreement (OFA). On July 08, 2016, the District and the Developer entered into an Operation Funding Agreement (OFA) pursuant to which the Developer agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The OFA was amended on November 04, 2016, June 06, 2018, November 07, 2018, December 04, 2019 and July 13, 2020 increasing the maximum aggregate amount the Developer was allowed to advance to the District, which is currently \$456,421. The District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District. The contingent obligation bears simple interest at an annual interest rate equal to the lesser of (1) the current Bond Buyer 20-Bond GO Index plus 4% or (2) 8%. The OFA Agreement may be terminated by either (1) mutual agreement of the District and the Developer or (2) the District’s repayment of all cash advances received from the Developer plus accrued interest. On December 31, 2057, any amount of principal and accrued interest outstanding under the OFA shall be deemed to be forever discharged and satisfied in full.

For the 12-month period ended December 31, 2024, District payments made, advances received and interest accrued under the OFA is as follows:

	<u>Cash advances net of repayments</u>	<u>Accrued interest net of repayments</u>	<u>Total</u>
Beginning Balance (Jan. 01, 2024)	\$ 320,862	\$ 125,609	\$ 446,471
Additional advances	-		-
Accrued interest		25,669	25,669
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2024)	\$ 320,862	\$ 151,278	\$ 472,140

Facilities Funding and Reimbursement Agreement (FFRA). On July 08, 2016, the District entered into a Facilities Funding and Reimbursement Agreement (FFRA) with the Developer. Previously, High Prairie Polo Club Metropolitan District No. 1 (District No. 1) issued an \$8,000,000 promissory note dated January 10, 2010 (Note) and entered into that certain Improvement Acquisition and Reimbursement Agreement dated January 10, 2010 with High Prairie Polo Construction Company, Inc. (IARA). The District adopted Resolution 2016-07-04 Acknowledging the Dissolution of High Prairie Polo Club Metropolitan District No. 1, which states that the District will assume any and all obligations of District No. 1, and perform all functions listed under the Service Plan, including the responsibility of reimbursement under the IARA and the Note.

Pursuant to the FFRA, the Developer acknowledged the termination and extinguishment of the IARA and the Note as of the date of the FFRA. The FFRA provides that the District will reimburse the Developer for: (1) any advances made to the District for construction of Improvements and construction-related expenses associated with the costs of Improvements to be provided by the District for fiscal years 2016 through 2018, up to \$4,500,000, together with simple interest at the rate of the current Bond Buyer 20-Bond GO Index plus four percent (4%), up to a maximum of 8% per annum (Developer Advances); and (2) the principal formerly due under the Note, in the amount of \$5,926,812 (Initial Construction Advances), together with interest at the same rate of the Developer Advances beginning from January 11, 2016 until paid.

Under the FFRA, the District and Developer agreed that the payments by the District to the Developer shall credit first against accrued and unpaid interest due on Developer Advances, and then to the principal amount due on Developer Advances, and then to accrued and unpaid interest on the Initial Construction Advances, and then to the principal amount due on the Initial Construction Advances. In the event the District has not reimbursed the Developer for any Developer Advances or Initial Construction Advances, plus any accrued and unpaid interest, by December 31, 2056, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. The FFRA provides that the obligations under the FFRA shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year obligation, and the making of any reimbursement thereunder shall be at all times subject to annual appropriation by the District.

For the 12-month period ended December 31, 2024, District payments made, advances received and interest accrued under the FFRA is as follows:

	Cash advances net of repayments	Accrued interest net of repayments	Total
Beginning Balance (Jan. 01, 2024)	\$ 7,805,538	\$ 3,014,761	\$ 10,820,299
Additional advances	-	-	-
Accrued interest	-	624,443	624,443
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2024)	\$ 7,805,538	\$ 3,639,204	\$ 11,444,742

Public Improvements Agreement

The District entered into a Public Improvements Agreement (PIA) with Douglas County dated September 17, 2016 outlining terms associated with the construction of certain public street, drainage, water, and sewer improvements defined in the PIA (the Public Improvements). Upon final acceptance of the Public Improvements, the County will assume full responsibility for repairs and maintenance of the Public Improvements except the water and sewer improvements.

Rural Site Plan Improvements Agreement

The District entered into a Rural Site Plan Improvements Agreement (RSPIA) with Douglas County dated September 17, 2016 outlining terms associated with the construction of certain road, drainage, grading and erosion control, and other improvements defined in the RSPIA (the Rural Site Plan Improvements, or RSP). Upon final acceptance of the RSP, the District will retain full responsibility for repairs and maintenance of the RSP. The District entered into an Open Space Agreement (OSA) with the Developer and the County dated October 24, 2017 outlining the terms for the use of the RSP, including the amount of the RSP that must be used as open space.

NOTE 8 – NET POSITION (DEFICIT)

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2024 in the general fund, debt service fund and capital project fund totaled \$28,627, \$0, and \$0, respectively.

Restricted Net Position

The District's restricted net position as of December 31, 2024 in the general fund, debt service fund and capital projects fund totaled \$5,200, \$457,879 and \$60,000, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2018 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled (\$1,713,873). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to Douglas County and the District.

NOTE 9 – RELATED PARTIES

None of the directors serving on the District's board in 2024 reported conflicts of interest regarding their public service on the District's Board.

The owner and developer of all land within the District was Lokal Two Bridges, LLC, a Colorado limited liability company (the "Developer") and wholly owned subsidiary of Lokal Homes, LLC, a Colorado limited liability company. The approval of the OFA and FFRA occurred when the District's board was entirely comprised of directors who were employees/owners of the Developer. The issuance of the District's 2018 Bonds and subsequent distribution of the cash proceeds from the Bonds to the Developer was approved in 2018 when the District's board was entirely comprised of directors who were employees/owners of the Developer.

NOTE 10 – 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 intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve

increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

On November 7, 2023, District voters authorized the District to assess property taxes up to \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

The \$500,000 voter-approved property tax limit may be adjusted to reflect changes in the Denver-Boulder CPI. As of December 31, 2023, the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder was 320.300. As of December 31, 2024, the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder was 327.572 causing the maximum voter-approved tax limit to increase to \$511,352.

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.

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

SUPPLEMENTARY INFORMATION

TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 256,000	\$ 257,520	\$ 1,520
Specific ownership taxes	23,000	19,175	(3,825)
Net investment income	20,000	17,936	(2,064)
Total Revenues	299,000	294,631	(4,369)
EXPENDITURES			
Direct and indirect collection costs	11,400	9,866	1,534
Debt service			
Interest Expense - Series 2018A Bonds	178,600	178,594	6
Interest Expense - Series 2018B Bonds	-	-	-
Bond principal – 2018A Series Bonds	35,000	35,000	-
Total Expenditures	225,000	223,460	1,540
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	74,000	71,171	(2,829)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	74,000	71,171	(2,829)
FUND BALANCE – BEGINNING	387,400	386,708	(692)
FUND BALANCE – END OF YEAR	\$ 461,400	\$ 457,879	\$ (3,521)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 3,900	\$ 3,866	\$ 34
Indirect Collection Cost Allocation	-	-	-
Legal fees	-	-	-
Bond paying agent fees	6,000	6,000	-
Miscellaneous	1,500	-	1,500
Total Direct and Indirect Collection Costs	\$ 11,400	\$ 9,866	\$ 1,534

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ -	\$ -	\$ -
Other	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	30,000	30,000	-
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	<u>30,000</u>	<u>30,000</u>	<u>-</u>
FUND BALANCE – BEGINNING OF YEAR	<u>30,000</u>	<u>30,000</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2024

The District's repayment schedule for its Series 2018A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	40,000	176,625	5.625%	216,625
2026	45,000	174,375	5.625%	219,375
2027	45,000	171,844	5.625%	216,844
2028	55,000	169,313	5.625%	224,313
2029	55,000	166,219	5.625%	221,219
2030	65,000	163,125	5.625%	228,125
2031	70,000	159,469	5.625%	229,469
2032	75,000	155,531	5.625%	230,531
2033	80,000	151,313	5.625%	231,313
2034	90,000	146,813	5.625%	236,813
2035	95,000	141,750	5.625%	236,750
2036	105,000	136,406	5.625%	241,406
2037	110,000	130,500	5.625%	240,500
2038	120,000	124,313	5.625%	244,313
2039	130,000	117,563	5.625%	247,563
2040	140,000	110,250	5.625%	250,250
2041	150,000	102,375	5.625%	252,375
2042	160,000	93,938	5.625%	253,938
2043	170,000	84,938	5.625%	254,938
2044	185,000	75,375	5.625%	260,375
2045	195,000	64,969	5.625%	259,969
2046	215,000	54,000	5.625%	269,000
2047	225,000	41,906	5.625%	266,906
2048	520,000	29,250	5.625%	549,250
	\$ 3,140,000	\$ 2,942,160		\$ 6,082,160

The original face value of these bonds totaled \$3,175,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2018B Subordinate Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

TWO BRIDGES METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2018	\$ 1,213,100	65.000	-	\$ 78,852	\$ 78,852	100.0%
2019	1,434,840	15.250	49.750	93,265	93,264	100.0%
2020	2,359,300	15.250	50.098	154,175	154,175	100.0%
2021	2,725,820	15.250	50.098	178,000	177,630	99.7%
2022	4,029,530	15.250	50.098	263,200	263,320	100.0%
2023	3,572,350	15.250	51.540	238,500	238,597	100.0%
2024	4,788,500	15.788	53.463	331,600	333,567	100.6%
2025	4,791,780	17.133	55.930	350,100	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

TWO BRIDGES METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2024

	2023 Mill Levy **	2024 Mill Levy *	Change
Two Bridges Metropolitan District	69.251	73.063	3.812
Douglas County Re-1 School District	40.730	40.324	(0.406)
Douglas County	19.774	18.726	(1.048)
Franktown Fire Protection District	13.000	13.000	-
Douglas County Schools - Debt Service	5.204	5.204	-
Douglas County Law Enforcement	4.500	4.500	-
Douglas County Public Library District	3.513	4.000	0.487
Cherry Creek Basin Water Quality Authority	0.425	0.430	0.005
Total Mill Levy	156.397	159.247	2.850

* -- For property tax collections in 2024

** -- For property tax collections in 2025

TWO BRIDGES METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2024

	2020	2021	2022	2023	2024
General obligation bonds	\$ 3,723,000	\$ 3,723,000	\$ 3,713,000	\$ 3,683,000	\$ 3,648,000
Accrued, unpaid interest - Bonds	114,702	162,553	\$ 211,606	\$ 267,108	\$ 326,982
Restricted cash	(\$ 358,946)	(\$ 353,562)	(\$ 310,695)	(\$ 315,577)	(\$ 456,160)
Combined assessed property values within the District	\$ 2,725,820	\$ 4,029,530	\$ 3,572,350	\$ 4,788,500	\$ 4,791,780
Ratio of debt to assessed property values	127.6%	87.7%	101.2%	75.9%	