

SHERIDAN STATION WEST METROPOLITAN DISTRICT

**CITY OF LAKEWOOD
JEFFERSON COUNTY, COLORADO**



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

Sheridan Station West Metropolitan District

Jefferson County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Sheridan Station West 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.



Castle Pines, Colorado
March 31, 2025

SHERIDAN STATION WEST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and investments | \$ 83,811 |
| Cash and investments – restricted | 8,003 |
| Accounts receivable | 38,073 |
| Accounts receivable - specific ownership tax | 2,703 |
| Property taxes receivable | 506,300 |
| Prepaid expenses | 2,804 |
| Land and water rights | 1,276,266 |
| Depreciable capital assets, net | 2,103,841 |
| Total Assets | 4,021,801 |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 2,957 |
| Prepaid maintenance fees | 2,097 |
| Accrued interest payable | 197,581 |
| Current portion of general obligation debt | 152,000 |
| General obligation debt | 5,295,000 |
| Deferred loss on 2022 debt refinancing | (217,256) |
| Total Liabilities | 5,432,379 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred property tax revenue | 506,300 |
| Total Deferred Inflows of Resources | 506,300 |
| NET POSITION (DEFICIT) | |
| Restricted: | |
| Emergency reserves | 7,700 |
| Debt service | 2,264 |
| Capital projects | - |
| Non-spendable | 2,804 |
| Unassigned: | (1,929,647) |
| Net Position (Deficit) | \$ (1,916,879) |

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

**SHERIDAN STATION WEST 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 | |
| Primary Government: | | | | |
| Government Activities: | | | | |
| General government activities | \$ (256,905) | \$ 134,298 | \$ - | \$ - |
| Interest and related costs on long-term debt | (301,358) | | - | - |
| Capital project activities | (93,825) | - | - | - |
| | <u>\$ (652,088)</u> | <u>\$ 134,298</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| | General Revenues | | | |
| | Property taxes | | | 495,032 |
| | Specific ownership taxes | | | 31,478 |
| | Net investment income | | | 108 |
| | Total general revenue | | | 526,618 |
| | Change in net position | | | 8,828 |
| | Net Position (Deficit) – Beginning of Year (As Adjusted Per Note 8) | | | (1,925,707) |
| | Net Position (Deficit) – End of Year | | | \$ (1,916,879) |

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

**SHERIDAN STATION WEST METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024**

| | General Fund | Debt Service Fund | Capital Project Fund | Total Government Funds |
|---|-------------------|----------------------|-------------------------|------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 83,811 | \$ - | \$ - | \$ 83,811 |
| Cash and investments - Restricted | 7,700 | 303 | - | 8,003 |
| Accounts receivable | 38,073 | - | - | 38,073 |
| Accounts receivable - specific ownership | 742 | 1,961 | - | 2,703 |
| Property taxes receivable | 174,000 | 332,300 | - | 506,300 |
| Prepaid expenses | 2,804 | - | - | 2,804 |
| TOTAL ASSETS | \$ 307,130 | \$ 334,564 | \$ - | \$ 641,694 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 2,957 | \$ - | \$ - | \$ 2,957 |
| Prepaid maintenance fees | 2,097 | - | - | 2,097 |
| TOTAL LIABILITIES | 5,054 | - | - | 5,054 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred property tax revenue | 174,000 | 332,300 | - | 506,300 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 179,054 | 332,300 | - | 511,354 |
| FUND BALANCES | | | | |
| Restricted: | | | | |
| Emergencies (TABOR) | 7,700 | - | - | 7,700 |
| Debt service | - | 2,264 | - | 2,264 |
| Capital projects | - | - | - | - |
| Non-spendable | 2,804 | - | - | 2,804 |
| Unrestricted | 117,572 | - | - | 117,572 |
| TOTAL FUND BALANCES | 128,076 | 2,264 | - | 130,340 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 307,130 | \$ 334,564 | \$ - | |

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 and water rights | 1,276,266 |
| Property, structures and equipment, net | 2,103,841 |
| 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 debt | (5,447,000) |
| Accrued interest payable | (197,581) |
| Deferred loss on 2022 debt refinancing | 217,256 |
| Net position of governmental activities | \$ (1,916,878) |

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

SHERIDAN STATION WEST 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 | \$ 134,912 | \$ 360,120 | \$ - | \$ 495,032 |
| Specific ownership taxes | 8,584 | 22,894 | - | 31,478 |
| Operations fees (\$50/mo) | 100,100 | - | - | 100,100 |
| Water delivery service fees | 20,414 | - | - | 20,414 |
| Covenant violation fines | 13,026 | - | - | 13,026 |
| Net investment income | 108 | - | - | 108 |
| Other income | 1,484 | (726) | - | 758 |
| Total Revenues | 278,628 | 382,288 | - | 660,916 |
| EXPENDITURES | | | | |
| General and administration | 124,261 | - | - | 124,261 |
| Landscaping maintenance | 46,357 | - | - | 46,357 |
| Capital asset maintenance | 824 | - | - | 824 |
| Water deliver services | 55,182 | - | - | 55,182 |
| Other district expenses | 30,281 | - | - | 30,281 |
| Debt service | | | | |
| Direct and indirect collection costs | - | 9,406 | - | 9,406 |
| Interest payments | - | 232,982 | - | 232,982 |
| Principal payments | - | 147,000 | - | 147,000 |
| Major capital projects | - | - | - | - |
| Total Expenditures | 256,905 | 389,388 | - | 646,293 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 21,723 | (7,100) | - | 14,623 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Fund Transfers In / (Out) | (4,000) | 4,000 | - | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 17,723 | (3,100) | - | 14,623 |
| FUND BALANCES – BEGINNING | 110,351 | 5,363 | - | 115,714 |
| FUND BALANCES – END OF YEAR | \$ 128,074 | \$ 2,263 | \$ - | \$ 130,337 |

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

**SHERIDAN STATION WEST 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 | \$ | 14,623 |
|--|----|--------|

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.

| | | |
|--|--|----------|
| Debt principal repayments | | 147,000 |
| Amortization of deferred loss on 2022 debt refinancing | | (54,397) |

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:

| | | |
|--|--|----------|
| Constructed assets | | - |
| Depreciation expense on property, structures and equipment | | (93,825) |

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 debt | | (4,573) |
|---|--|---------|

| | | |
|---|-----------|--------------|
| Changes in net position of governmental activities | \$ | 8,828 |
|---|-----------|--------------|

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

**SHERIDAN STATION WEST 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 | \$ 137,969 | \$ 134,912 | \$ (3,057) |
| Specific ownership taxes | 6,500 | 8,584 | 2,084 |
| Operations fees (\$50/mo) | 109,200 | 100,100 | (9,100) |
| Water delivery service fees | 88,300 | 20,414 | (67,886) |
| Covenant violation fines | 2,500 | 13,026 | 10,526 |
| Net investment income | - | 108 | 108 |
| Other income | 2,000 | 1,484 | (516) |
| Total Revenues | 346,469 | 278,628 | (67,841) |
| EXPENDITURES | | | |
| General and administration | 81,820 | 124,261 | (42,441) |
| Landscaping maintenance | 92,000 | 46,357 | 45,643 |
| Capital asset maintenance | - | 824 | (824) |
| Water delivery services | 62,000 | 55,182 | 6,818 |
| Other district expenses | 78,000 | 30,281 | 47,719 |
| Total Expenditures | 313,820 | 256,905 | 56,915 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 32,649 | 21,723 | (10,926) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | - | (4,000) | (4,000) |
| Total Other Financing Sources (Uses) | - | (4,000) | (4,000) |
| EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER | 32,649 | 17,723 | (14,926) |
| FUND BALANCE – BEGINNING OF YEAR | 62,068 | 110,351 | 48,283 |
| FUND BALANCE – END OF YEAR | \$ 94,717 | \$ 128,074 | \$ 33,357 |

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

**SHERIDAN STATION WEST 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 | \$ 79,348 | \$ (43,348) |
| Administrative costs | 8,000 | 8,118 | (118) |
| Audit fees | 6,500 | - | 6,500 |
| Collection fees – County Treasurer | 2,070 | 2,025 | 45 |
| Board of directors’ fees | - | - | - |
| Insurance | 3,250 | 3,366 | (116) |
| Legal fees | 26,000 | 31,404 | (5,404) |
| Total General and Administration | <u>\$ 81,820</u> | <u>\$ 124,261</u> | <u>\$ (42,441)</u> |
| LANDSCAPING MAINTENANCE | | | |
| Ground maintenance fees | \$ 18,000 | \$ 19,055 | \$ (1,055) |
| Tree maintenance & replacement | - | - | - |
| Sprinkler repairs | 7,000 | 5,680 | 1,320 |
| Backflow valve maintenance | 8,000 | 3,614 | 4,386 |
| Sprinklers – electricity | 1,000 | 1,454 | 148 |
| Sprinklers - water | 8,000 | 9,606 | (1,606) |
| Landscaping projects | 15,000 | - | 15,000 |
| Detention pond maintenance | - | - | - |
| Miscellaneous landscape costs | 35,000 | 6,948 | 28,052 |
| Total Landscaping Maintenance | <u>\$ 92,000</u> | <u>\$ 46,357</u> | <u>\$ 46,245</u> |
| CAPITAL ASSET MAINTENANCE | | | |
| Property insurance | \$ - | \$ - | \$ - |
| Community mailbox maintenance | - | - | - |
| Fence maintenance | - | 824 | (824) |
| Total Capital Asset Maintenance | <u>\$ -</u> | <u>\$ 824</u> | <u>\$ (824)</u> |
| OTHER DISTRICT EXPENSES | | | |
| Snow removal | \$ 60,000 | \$ 21,738 | \$ 38,262 |
| Vandalism | - | - | - |
| Parking enforcement services | - | 1,905 | (1,905) |
| Covenant enforcement services | 18,000 | 4,280 | 13,720 |
| Covenant enforcement - administrative costs | - | 2,358 | (2,358) |
| Total Other District Expenses | <u>\$ 78,000</u> | <u>\$ 30,281</u> | <u>\$ 47,719</u> |

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

SHERIDAN STATION WEST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2024

NOTE 1 – DEFINITION OF REPORTING ENTITY

Sheridan Station West Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Lakewood (City) on August 22, 2016. The District's service area is located in Jefferson County, Colorado entirely within the boundaries of the City. The District issued debt to subsidize costs incurred by the Developer to design, acquire, construct and install streets, traffic and safety controls, park and recreation facilities, sanitary sewer facilities, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District currently provides the following services to the 182 single-family attached units located within the District: (1) maintenance of the open spaces throughout the subdivision, (2) weekly trash pick-up services, (3) water utility services, (4) enforcement of the covenants and Design Guidelines applicable to all 182 single-family attached units and (5) design review services for improvements homeowners proposed to install on and around the exterior of their single-family attached units.

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.

Actual expenditures in the Debt Service Fund exceed budgeted amounts. This may be a violation of State law.

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 fair 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.

For the collection year 2024, the District adopted a mill levy of 24.167 for operations and 63.896 for debt service. The District's 2024 adopted mill levy for general operations generated \$495,032 in property tax revenue—approximately \$2.0 million below the \$2.5 million property tax limit established by the voters.

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. In 2024, the District's share of Specific ownership taxes was equal to approximately 5.8% of the property taxes collected.

The District allocates specific ownership tax revenue 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.

Operations Fees

On August 24, 2018, the District adopted a Resolution regarding the imposition of fees to fund the District's operations and maintenance costs, pursuant to 32-1-1001(1)(j) CRS. Per this Resolution, the District imposed a monthly Operations Fee of \$50 upon each of the 182 townhomes located within the District (Operations Fee Resolution). Operations Fees imposed on each lot are secured by a perpetual lien. Operations Fees are used to fund the District's maintenance of public open spaces and alleyways and enforcement of the neighborhood's covenants applicable to each of the 182 townhomes.

Water Service Fees

On August 24, 2018, the District adopted a Resolution regarding the imposition of fees to fund the District's costs of providing potable water services to each of the 182 townhome units, pursuant to 32-1-1001(1)(j) CRS. Per this Resolution, the District imposed a monthly Water Service Fee on each of the 182 townhomes located within the District partially based on the volume of water delivered to each townhome unit (Water Service Fee Resolution). Water Service Fees imposed on each lot are secured by a perpetual lien.

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 Declaration of Covenants, Conditions and Restrictions of West Line Village filed with the Jefferson County Clerk & Recorder's Office on September 29, 2017 at reception number 201700573 (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 Jefferson 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 | \$ | 83,811 |
| Cash and investments – restricted | | 8,003 |
| Total cash and investments | \$ | 91,814 |

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

| | | |
|--------------------------------------|-----------|---------------|
| Deposits with financial institutions | \$ | 78,193 |
| Investments | | 13,621 |
| Total cash and investments | \$ | 91,814 |

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, 2024, the District's cash deposits had a bank balance of \$76,483 and carrying balance of \$78,193.

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 | \$ 13,329 |
| ColoTrust | Weighted Average Under 60 Days | 292 |
| | | \$ 13,621 |

CSAFE

The District invests 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.

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 Ratings.

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 | Retirements | Balance at Dec. 31, 2024 | Accumulated Depreciation |
|----------------------------|-----------------------------|-------------|-------------|-----------------------------|-----------------------------|
| Monument Signs | \$ 20,000 | \$ - | \$ - | \$ 20,000 | (\$ 2,000) |
| West perimeter wall | 63,470 | - | - | 63,470 | (6,348) |
| Street -10th Place | 237,600 | - | - | 237,600 | (15,840) |
| Street - 11th Place | 237,600 | - | - | 237,600 | (15,840) |
| Street - Chase Street | 166,320 | - | - | 166,320 | (11,088) |
| Street - Eaton Street | 59,760 | - | - | 59,760 | (3,984) |
| Alleyways | 965,000 | - | - | 965,000 | (64,334) |
| Sidewalks | 245,000 | - | - | 245,000 | (16,334) |
| Wood fences | 124,740 | - | - | 124,740 | (24,948) |
| Community mailboxes | 60,000 | - | - | 60,000 | (12,000) |
| Backflow valves | 112,000 | - | - | 112,000 | (14,934) |
| Capital assets, net | \$ 2,291,490 | \$ - | \$ - | \$2,291,490 | (\$187,649) |

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

The District owns 15 land tracts within the District totaling designated for use as public parks, open spaces and alleyway access to the 182 townhomes totaling approximately 2.266 acres, which are zoned for residential use. The land is recorded by the District at a nominal value of \$1,000/acre totaling \$2,266. The District also assigns a value of \$1,274,000 to the water rights and taps for the water meters servicing the 182 townhomes within the District.

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 |
|---|-----------------------------|-------------------|---------------------|-----------------------------|
| Series 2022A-1 Loan | \$ 3,365,000 | \$ - | (\$ 120,000) | \$ 3,245,000 |
| Series 2022A-2 Loan | 615,000 | - | (27,000) | 588,000 |
| Accrued Interest – Series 2022 Loans | - | 124,576 | (124,547) | 29 |
| Series 2022 Subordinate Bonds | 1,614,000 | - | - | 1,614,000 |
| Accrued Interest – Series 2022 Subordinate Bonds | 193,007 | 112,980 | (108,435) | 197,552 |
| Total | \$ 5,787,007 | \$ 237,555 | (\$ 379,982) | \$ 5,622,581 |

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

Series 2022 Senior Bank Loans

On March 22, 2022, the District entered into the following two loans with NBH Bank – a \$3,580,000 General Obligation Taxable Refunding Loan Series 2022A-1 and a \$650,000 Limited Tax General Obligation Loan Series 2022A-2 (“2022

Senior Loans”). The proceeds from the issuance of the 2022 Senior Loans were used to (1) refund the District’s Series 2017 bonds (\$3,426,907) and (2) pay the costs of issuing the new debt (\$153,093).

The 2022 Senior Loans bear interest at 3.13%. Interest is payable semi-annually on June 1st and December 1st and principal payments are payable on December 1st of each year through December 01, 2041. The 2022 Senior Loans are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of (1) property tax revenue generated from levying the Required Senior Loan Mill Levy and (2) specific ownership tax revenue attributable to Senior Pledged Revenue.

The “Required Senior Loan Mill Levy” to fund the District’s 2022 Senior Loans equal to the lesser of (1) 50 mills as adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017 (“Maximum Senior Loan Mill Levy”) or (2) the mill levy that generates sufficient revenue to fund the current year’s principal and interest payments due on the 2022 Senior Loans. As of January 01, 2017, the ratio of taxable valuation to assessed valuation for residential real property was 7.20%. The ratio for 2024 was 6.70% for residential developed property, which caused the Maximum Senior Loan Mill Levy for 2024 to be 59.974 mills. The Required Senior Loan Mill Levy for 2024 was 47.283 mills.

The 2022 Senior Loans are subject to redemption prior to maturity, at the option of the District at any time on or after December 01, 2026.

Outstanding principal and interest on the 2022 Senior Loans mature as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|----------------------------|----------------------------|----------------------------|
| 2025 | \$ 152,000 | \$ 119,973 | \$ 271,973 |
| 2026 | 162,000 | 115,215 | 277,215 |
| 2027 | 167,000 | 110,145 | 277,145 |
| 2028 | 178,000 | 104,918 | 282,918 |
| 2029 | 184,000 | 99,347 | 283,347 |
| 2030 to 2034 | 1,063,000 | 404,368 | 1,467,368 |
| 2035 to 2039 | 1,317,000 | 222,638 | 1,539,638 |
| 2040 to 2041 | 610,000 | 28,798 | 638,798 |
| Total | <u>\$ 3,833,000</u> | <u>\$ 1,205,402</u> | <u>\$ 5,038,402</u> |

The District’s detail debt service schedule for its Senior Bonds is provided on page 28.

Events of Default – Series 2022 Senior Bank Loans

The following events are considered events of default under the 2022 Senior Loan Agreement: (1) the District fails or refuses to impose the Required Mill Levy, (2) the District fails to pay the principal or interest on the Loans when due, (3) the District fails or refuses to transfer Pledged Revenue to NBH Bank pursuant to the terms of the 2022 Senior Loan Agreement (4) the District defaults on any terms contained in the Authorizing Resolution or the Sales Certificate, (5) any representation made by the District in the 2022 Senior Loan Agreement, Authorizing Resolution or Sales Certificate is proven to have been untrue or incomplete, (6) the District agrees to dissolve, consolidate or otherwise cause the District to cease to exist, (6) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District’s obligations under the 2022 Senior Loan Agreement, (7) the District commences a proceeding or other action in related to bankruptcy, insolvency, reorganization or otherwise seeks relief from its debts, (8) the 2022 Senior Loan Agreement is declared null and void or the valifity and enforceability of the Loan Agreement is contested by the District or (9) any funds subject to the 2022 Senior Loan Agreement becomes subject to any writ,

judgement, warrant or attachment. Available remedies for an Event of Default are (1) applying all Pledged Revenue to the unpaid principal and interest due on the 2022 Senior Loans and (3) taking any other action or remedy available at law or in equity. Acceleration of the repayment of the 2022 Senior Loans is not an available remedy for an Event of Default.

Series 2022 Subordinate Bonds

On April 01, 2022, the District issued Subordinate Limited Tax General Obligation Bonds Series 2022B (“2022 Subordinate Bonds”) in the amount \$1,614,000. The proceeds from the issuance of the 2022 Subordinate Bonds were used to (1) subsidize the Developer’s public infrastructure construction costs (\$1,480,305) and (2) pay the costs of issuing the new debt (\$133,695).

The 2022 Subordinate Bonds bear interest at 7.00%. Interest and principal payments are payable annually on December 15th and interest accrues on the 2022 Subordinate Bonds through December 15, 2051. Any outstanding unpaid amounts due on the 2022 Subordinate Bonds as of December 15, 2061 will be written off and forgiven by the bondholder. The 2022 Subordinate Bonds are secured by and payable solely from Subordinate Pledged Revenue, net of any costs of collection, which is comprised of (1) property tax revenue generated from levying the Required Subordinate Bond Mill Levy and (2) specific ownership tax revenue attributable to Subordinate Pledged Revenue.

Per the Series 2022 Subordinate Bond Indenture of Trust, the “Required Subordinate Bond Mill Levy” to fund the District’s 2022 Subordinate Bonds is 50 mills less the Required Senior Loan Mill Levy. The Required Subordinate Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017. As of January 01, 2017, the ratio for residential property was 7.20%. The residential property ratio for 2024 was 6.70%, which caused the Required Subordinate Debt Mill Levy for 2024 to be 12.691 mills.

The 2022 Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on June 01, 2027, 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 (\$) |
|--------------------------------|------------------------|-------------------------|
| June 01, 2027, to May 31, 2028 | 3.0% | \$ 48,420 |
| June 01, 2028, to May 31, 2029 | 2.0% | \$ 32,280 |
| June 01, 2029, to May 31, 2030 | 1.0% | \$ 16,140 |
| June 01, 2030 and thereafter | 0.0% | \$ - |

Events of Default – Series 2022 Subordinate Bonds

The following events are considered events of default under the Series 2022 Subordinate Bonds indenture of trust: (1) the District fails or refuses to impose the Subordinate 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. 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 08, 2016, the District’s eleven electors (all of whom were individuals qualified by the Developer to vote in the election) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$65.25 million to fund infrastructure improvements, \$7.25 million to fund the District’s operations and maintenance costs and \$7.25 million to refund any outstanding debt.

The District’s authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

| | Authorized Nov 2018 Election | Authorized Used – 2017 Bonds | Authorization Used – 2022 Loans | Authorization Used – 2022 Bonds | Unused Voter Authorization |
|------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| Street improvements | \$ 7,250,000 | (\$ 1,228,875) | (\$ 605,000) | (\$ 1,614,000) | \$ 3,802,125 |
| Water | 7,250,000 | (340,750) | - | - | 6,909,250 |
| Storm water and sanitary sewers | 7,250,000 | (1,515,250) | - | - | 5,734,750 |
| Park & recreation facilities | 7,250,000 | (531,788) | - | - | 6,718,212 |
| Transportation facilities | 7,250,000 | - | - | - | 7,250,000 |
| Television relay | 7,250,000 | - | - | - | 7,250,000 |
| Mosquito control | 7,250,000 | - | - | - | 7,250,000 |
| Traffic safety protection | 7,250,000 | (8,337) | - | - | 7,241,663 |
| Operations | 7,250,000 | - | - | - | 7,250,000 |
| Intergov. agreements | 7,250,000 | - | - | - | 7,250,000 |
| Subtotal | 72,500,000 | (3,625,000) | (605,000) | (1,614,000) | 66,656,000 |
| Refunding of debt | 7,250,000 | - | - | - | 7,250,000 |
| Total | \$ 79,750,000 | (\$ 3,625,000) | (\$ 605,000) | (\$ 1,614,000) | \$ 73,906,000 |

Per C.R.S 32-1-1101(2), any remaining, unused debt issuance authorization obtained from the District’s electors will expire on November 08, 2036 – 20 years after such election was held.

Debt Authorization – Service Plan

The District’s 2016 Service Plan authorizes the District to issue up to \$7,250,000 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 Service Plan establishes a Maximum Debt Mill Levy of 50 mills that can be assessed on property owners within the District to fund the District’s debt repayment costs. The Maximum Debt Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2017. As of January 01, 2017, the ratio was 7.20% with no exemptions to actual property values. The ratio for 2024 was 6.700% with a \$55,000 valuation exemption per residential lot, which caused the Maximum Debt Mill Levy for 2024 to be 60.000.

As of December 31, 2024, total remaining debt issuance authorization under the District’s 2016 Service Plan is as follows:

| | |
|--|---------------------|
| Authorized maximum debt issuance per Service Plan | \$ 7,250,000 |
| Less: | |
| Series 2017 Bonds | (3,625,000) |
| Series 2022 Loans | (605,000) |
| Series 2022 Subordinate Bonds | (1,614,000) |
| Unused Service Plan debt issuance authorization | \$ 1,406,000 |

NOTE 7 – AGREEMENTS

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 this contingent obligation agreement 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. This contingent obligation agreement is 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 a multiple-fiscal year obligation 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:

Facilities Funding and Acquisition Agreement. Pursuant to the Facilities Funding and Acquisition Agreement entered into on December 08, 2016 (the FFAA) between the District and the Developer, the Developer agreed to design, construct and complete certain public improvements to serve the development within the District’s service area. In exchange, the District agreed to acquire such improvements from the Developer and, subject to written certification by an independent engineer substantiating the reasonableness of the amounts of such costs, to pay the Developer for the costs of such improvements.

The District has neither registered nor filed a notice of claim of exemption regarding this contingent obligation agreement with the Colorado Securities Commissioner. This contingent obligation agreement is not transferrable to third parties. The contingent obligations of the District arising from the FFAA are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. Per the terms of the FFAA, any decision by the District to appropriate payment of any funds to the Developer is purely discretionary and non-obligatory.

Claims submitted by the Developer to the District under the FFAA but not yet paid by the District accrue simple interest at the rate of 8.0% per annum.

In the event that the District has not paid the Developer for any portion of the contingent obligations created under this FFAA by December 31, 2046 (30 years from the date the FFAA was executed), any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Outstanding, unpaid Developer claims under the FFAA are as follows:

| | Public Infrastructure costs reported by Developer | Accrued Interest | Total |
|---------------------------------------|---|---------------------|---------------------|
| Beginning balance (Jan. 01, 2024) | \$ 1,218,168 | \$ 279,370 | \$ 1,497,538 |
| Additional certified Developer costs | - | - | - |
| Accrued interest | - | 97,453 | 97,453 |
| Payments to the Developer | - | - | - |
| Ending balance (Dec. 31, 2024) | \$ 1,218,168 | \$ 376,823 | \$ 1,594,991 |

Operation Funding Agreement. Pursuant to the Operation Funding Agreement entered into on December 08, 2016 (the OFA) between the District and the Developer, the Developer agreed to provide funding to the District to fund the District’s operating costs (despite the fact that the District has sufficient powers to levy fees and taxes on land owned by the Developer to adequately fund the District’s operating costs).

The District has neither registered nor filed a notice of claim of exemption regarding this contingent obligation agreement with the Colorado Securities Commissioner. This contingent obligation agreement is not transferrable to third parties. The contingent obligations of the District arising from the OFA are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. Per the terms of the OFA, any decision by the District to appropriate payment of any funds to the Developer is purely discretionary and non-obligatory.

Cash remitted by the Developer to the District under the OFA but not yet re-paid by the District accrue simple interest at the rate of 8.0% per annum.

In the event that the District has not paid the Developer for any portion of the contingent obligations created under this OFA by December 31, 2046 (30 years from the date the OFA was executed), any contingent obligations outstanding on such date shall be deemed to be forever discharged and satisfied in full.

For the 12-month period ended December 31, 2023, District payments made, advances received and interest accrued under the OFA is as follows:

| | Cash advances net of repayments | Accrued interest net of repayments | Total |
|---------------------------------------|--|---|-------------------|
| Beginning Balance (Jan 01, 2024) | \$ 248,362 | \$ 79,926 | \$ 328,288 |
| Additional advances | - | - | - |
| Accrued interest | - | 10,259 | 10,259 |
| Payments to the Developer | - | - | - |
| Ending Balance (Dec. 31, 2024) | \$ 248,362 | \$ 52,088 | \$ 198,640 |

NOTE 8 – NET POSITION (DEFICIT)

Correction of Beginning Balances

In 2022, the Developer – not the District – constructed public infrastructure within the District and the Developer dedicated a portion of such infrastructure (e.g. streets, water lines, sewer lines, underground storm drains, etc) to the City. The Developer also constructed certain public infrastructure on District-owned land (e.g. streets, alleyways, backflow valves, etc) and dedicated such public infrastructure to the District. The District adjusted its December 31, 2023 capital asset balance to eliminate that portion of public infrastructure that was owned by the Developer and dedicated to the City.

In prior years, the District failed to report that it owns various land tracts dedicated for public use, open spaces, storm water detention basins and water rights for 182 townhome units. The District has adjusted beginning equity to reflect ownership of these public lands and related water rights and recorded such assets at \$1,276,266.

Between 2016 and 2023, the District incorrectly recognized as liabilities amounts claimed by the Developer under the OFA and the FFAA. These contingent obligation agreements are subject to annual appropriation by the District and are not a multiple-fiscal year obligation for the purposes of Article X, Section 20 of the Colorado Constitution. The District's beginning net position (deficit) has been restated to reflect the removal of amounts accrued under these contingent obligation agreements from the liability section of the District's Statement of Net Position.

The effects from these adjustments are as follows:

| | |
|--|-----------------------|
| Net deficit - December 31, 2023, as originally stated | (\$ 1,518,612) |
| Elimination of construction-in-progress assets | (3,519,568) |
| Recognition of land and water rights | 1,276,266 |
| Eliminate duplicative accrued unpaid interest on Series 2022A-2 Loan | 10,381 |
| Correct improper treatment of agreements with Developer as liabilities | 1,825,826 |
| Net deficit - December 31, 2023, as restated | (\$ 1,925,707) |

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 \$2,804, \$0 and \$0, respectively.

Restricted Net Position

The District’s restricted net position as of December 31, 2024 in the general fund, townhome fund, debt service fund and capital projects fund totaled \$7,700, \$2,264 and \$0, 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 2022 Loans and 2022 Subordinate 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 (\$1,929,647). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Lakewood and the District.

NOTE 9 – RELATED PARTIES

Up until May 02, 2023, the majority of directors serving on the District’s board were employees or owners of Sheridan Station Transit Village, LLC (the Developer) the company developing land within the District and all such directors reported conflicts of interest regarding their service on the District’s board. The proceeds of the District’s debt was remitted to the Developer.

Subsequent to May 02, 2023, all directors serving on the District board have been comprised of individuals who own homes within the District and report no conflicts of interest regarding their service on the District’s board.

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.

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.

On November 8, 2016, eleven individuals qualified to vote by the Developer unanimously voted in approval of authorizing the District to:

- assess property taxes at no more than \$2.5 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- levy fees on property owners at no more than \$2.5 million annually, without limitation to rate, to pay the District's administrative, operations, maintenance and capital expenses; and
- assess property taxes at no more than \$7.25 million annually, without limitation to rate, to fund any intergovernmental agreements or contracts between the District and other entities; and
- collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SUPPLEMENTARY INFORMATION

SHERIDAN STATION WEST 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 | \$ 368,279 | \$ 360,120 | \$ (8,159) |
| Specific ownership taxes | 14,674 | 22,894 | 8,220 |
| Net investment income | - | (726) | (726) |
| Total Revenues | <u>382,953</u> | <u>382,288</u> | <u>(665)</u> |
| EXPENDITURES | | | |
| Direct and indirect collection costs | 17,274 | 9,406 | 7,868 |
| Debt service | | | |
| Interest Expense - Series 2022A-1 Loan | 105,325 | 105,325 | - |
| Interest Expense - Series 2022A-2 Loan | 19,249 | 19,222 | 27 |
| Interest Expense - Series 2022B Bond | 96,705 | 108,435 | (11,730) |
| Principal payment – Series 2022A-1 Loan | 120,000 | 120,000 | - |
| Principal payment – Series 2022A-2 Loan | 27,000 | 27,000 | - |
| Principal payment – Series 2022B Bond | - | - | - |
| Total Expenditures | <u>385,553</u> | <u>389,388</u> | <u>(3,835)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,600)</u> | <u>(7,100)</u> | <u>(4,500)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | - | 4,000 | 4,000 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>4,000</u> | <u>4,000</u> |
| EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(2,600)</u> | <u>(3,100)</u> | <u>(500)</u> |
| FUND BALANCE – BEGINNING | <u>2,600</u> | <u>5,363</u> | <u>2,763</u> |
| FUND BALANCE – END OF YEAR | <u>\$ -</u> | <u>\$ 2,263</u> | <u>\$ 2,263</u> |

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

**SHERIDAN STATION WEST 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 | \$ 5,524 | \$ 5,406 | \$ 118 |
| Indirect Collection Cost Allocation | - | - | - |
| Bond paying agent fees | 6,750 | 4,000 | 2,750 |
| Miscellaneous | 5,000 | - | 5,000 |
| Total Direct and Indirect Collection Costs | \$ 17,274 | \$ 9,406 | \$ 7,868 |

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

**SHERIDAN STATION WEST 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 | \$ - | \$ - | \$ - |
| Land received from Developer | - | - | - |
| Total Revenues | - | - | - |
| EXPENDITURES | | | |
| General and administrative fees | - | - | - |
| Capital projects | | | |
| Major capital projects | - | - | - |
| Total Expenditures | - | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In (Out) | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - |
| EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES | - | - | - |
| FUND BALANCE – BEGINNING OF YEAR | - | - | - |
| FUND BALANCE – END OF YEAR | \$ - | \$ - | \$ - |

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

OTHER SUPPLEMENTARY INFORMATION

SHERIDAN STATION WEST METROPOLITAN DISTRICT
SCHEDULE OF PLANNED DEBT SERVICE PAYMENTS TO MATURITY
 December 31, 2024

The District’s planned repayment schedule for its 2022 Loans is as follows:

| Year Ended Dec. 31, | 2022A-1 Loan (NBH Bank) Original Amount: \$3,580,000 | | | Series 2022A-2 Loan (NBH Bank) Original Amount: \$650,000 | | | Total Scheduled Loan Payments | | |
|---------------------|---|--------------------|--------------------|--|------------------|------------------|-------------------------------|--------------------|--------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | \$ 125,000 | \$ 101,569 | \$ 226,569 | \$ 27,000 | \$ 18,404 | \$ 45,404 | \$ 152,000 | \$ 119,973 | \$ 271,973 |
| 2026 | 135,000 | 97,656 | 232,656 | 27,000 | 17,559 | 44,559 | 162,000 | 115,215 | 277,215 |
| 2027 | 140,000 | 93,431 | 233,431 | 27,000 | 16,714 | 43,714 | 167,000 | 110,145 | 277,145 |
| 2028 | 150,000 | 89,049 | 239,049 | 28,000 | 15,869 | 43,869 | 178,000 | 104,918 | 282,918 |
| 2029 | 160,000 | 84,354 | 244,354 | 24,000 | 14,993 | 38,993 | 184,000 | 99,347 | 283,347 |
| 2030 | 165,000 | 79,346 | 244,346 | 30,000 | 14,242 | 44,242 | 195,000 | 93,588 | 288,588 |
| 2031 | 170,000 | 74,181 | 244,181 | 31,000 | 13,303 | 44,303 | 201,000 | 87,484 | 288,484 |
| 2032 | 185,000 | 68,860 | 253,860 | 29,000 | 12,332 | 41,332 | 214,000 | 81,192 | 295,192 |
| 2033 | 190,000 | 63,070 | 253,070 | 30,000 | 11,425 | 41,425 | 220,000 | 74,495 | 294,495 |
| 2034 | 200,000 | 57,123 | 257,123 | 33,000 | 10,486 | 43,486 | 233,000 | 67,609 | 300,609 |
| 2035 | 205,000 | 50,863 | 255,863 | 35,000 | 9,453 | 44,453 | 240,000 | 60,316 | 300,316 |
| 2036 | 220,000 | 44,446 | 264,446 | 34,000 | 8,357 | 42,357 | 254,000 | 52,803 | 306,803 |
| 2037 | 230,000 | 37,560 | 267,560 | 32,000 | 7,293 | 39,293 | 262,000 | 44,853 | 306,853 |
| 2038 | 230,000 | 30,361 | 260,361 | 46,000 | 6,291 | 52,291 | 276,000 | 36,652 | 312,652 |
| 2039 | 235,000 | 23,162 | 258,162 | 50,000 | 4,852 | 54,852 | 285,000 | 28,014 | 313,014 |
| 2040 | 250,000 | 15,807 | 265,807 | 50,000 | 3,287 | 53,287 | 300,000 | 19,094 | 319,094 |
| 2041 | 255,000 | 7,982 | 262,982 | 55,000 | 1,722 | 56,722 | 310,000 | 9,704 | 319,704 |
| | <u>\$3,245,000</u> | <u>\$1,018,820</u> | <u>\$4,263,820</u> | <u>\$ 588,000</u> | <u>\$186,582</u> | <u>\$774,582</u> | <u>\$3,833,000</u> | <u>\$1,205,402</u> | <u>\$5,038,402</u> |

NOTE: No debt-to-maturity schedule is provided for the Series 2022 Subordinate Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

SHERIDAN STATION WEST 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 | \$ 139,057 | 22.000 | 44.222 | \$ 9,200 | \$ 10,108 | 109.9% |
| 2019 | 938,862 | 22.000 | 44.222 | 62,200 | 62,173 | 100.0% |
| 2020 | 2,828,389 | 22.154 | 44.532 | 188,600 | 188,615 | 100.0% |
| 2021 | 3,439,343 | 22.154 | 44.532 | 229,400 | 228,474 | 99.6% |
| 2022 | 4,996,041 | 22.154 | 44.532 | 333,200 | 332,205 | 99.7% |
| 2023 | 5,361,145 | 22.154 | 44.532 | 357,500 | 359,209 | 100.5% |
| 2024 | 5,748,695 | 24.167 | 63.896 | 506,300 | 495,032 | 97.8% |
| 2025 | 5,513,097 | 31.561 | 60.267 | 506,300 | [TBD] | [TBD] |

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

SHERIDAN STATION WEST METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2024

| | 2023 | 2024 | |
|---|---------------------|--------------------|---------------|
| | Mill Levy ** | Mill Levy * | Change |
| Sheridan Station West Metropolitan District | 88.063 | 91.828 | 3.765 |
| Jefferson County School District | 44.526 | 44.488 | (0.038) |
| Jefferson County | 26.978 | 26.978 | - |
| West Metro Fire Protection District | 13.401 | 13.690 | 0.289 |
| City of Lakewood | 4.280 | 4.496 | 0.216 |
| East Lakewood Sanitation District | 4.550 | 3.741 | (0.809) |
| Urban Drainage and Flood Control District | 0.900 | 0.900 | - |
| Urban Drainage and Flood Control District – South Platte Subdistrict | 0.100 | 0.100 | - |
| Regional Transportation District | - | - | - |
| Total Mill Levy | 182.798 | 186.221 | 3.423 |

* -- For property tax collections in 2024

** -- For property tax collections in 2025

SHERIDAN STATION WEST METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------|--------------|--------------|--------------|--------------|
| General obligation debt | \$ 3,625,000 | \$ 3,625,000 | \$ 5,732,000 | \$ 5,594,000 | \$ 5,447,000 |
| Accrued, unpaid interest on debt | \$ 18,125 | \$ 18,125 | \$ 76,483 | \$ 193,007 | \$ 197,581 |
| Restricted cash | (\$ 533,937) | (\$ 481,614) | (\$ 8,273) | (\$ 6) | (\$ 3,697) |
| Combined assessed property values within the District | \$ 2,828,389 | \$ 3,439,343 | \$ 4,996,041 | \$ 5,748,695 | \$ 5,513,097 |
| Ratio of debt to assessed property values | 109.9% | 91.9% | 116.1% | 100.7% | 102.5% |