

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

|   |           |
|---|-----------|
| <b>INDEPENDENT AUDITOR'S REPORT</b>   | <b>1</b>  |
| <b>BASIC FINANCIAL STATEMENTS</b>   |           |
| <b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>   |           |
| <b>STATEMENT OF NET POSITION</b>  | <b>1</b>  |
| <b>STATEMENT OF ACTIVITIES</b>  | <b>2</b>  |
| <b>FUND FINANCIAL STATEMENTS</b>  |           |
| <b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>   | <b>3</b>  |
| <b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN<br/>        FUND BALANCES – GOVERNMENTAL FUNDS</b>   | <b>4</b>  |
| <b>RECONCILIATION OF THE STATEMENT OF REVENUES,<br/>        EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE<br/>        GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b> | <b>5</b>  |
| <b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND<br/>        CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>  | <b>6</b>  |
| <b>NOTES TO BASIC FINANCIAL STATEMENTS</b>  | <b>7</b>  |
| <b>SUPPLEMENTARY INFORMATION</b>  |           |
| <b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,<br/>    AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>  | <b>22</b> |
| <b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,<br/>    EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND<br/>    ACTUAL</b>  | <b>23</b> |
| <b>OTHER INFORMATION</b>  |           |
| <b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY<br/>    TAXES COLLECTED</b>  | <b>25</b> |



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**North Meadow Metropolitan District No. 5**

El Paso County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North Meadow Metropolitan District No. 5 ("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 the District as of December 31, 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of 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. Such 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 supplementary information is 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.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
September 17, 2025

## **BASIC FINANCIAL STATEMENTS**

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

|                                      | Governmental<br>Activities |
|--------------------------------------|----------------------------|
| <b>ASSETS</b>                        |                            |
| Cash and Investments                 | \$ 4,965                   |
| Cash and Investments - Restricted    | 119,630                    |
| Receivable from County Treasurer     | 2                          |
| Due from NMMD No. 2                  | 98                         |
| Due from NMMD No. 3                  | 39,080                     |
| Due from NMMD No. 4                  | 20                         |
| Interest Income Receivable           | 1,780                      |
| Property Tax Receivable              | 217                        |
| Prepaid Insurance                    | 16,245                     |
| Capital Assets:                      |                            |
| Capital Assets Not Being Depreciated | 32,293,449                 |
| Total Assets                         | 32,475,486                 |
| <b>LIABILITIES</b>                   |                            |
| Accounts Payable                     | 31,421                     |
| Retainage Payable                    | 792,959                    |
| Noncurrent Liabilities:              |                            |
| Due in More Than One Year            | 34,204,572                 |
| Total Liabilities                    | 35,028,952                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |
| Deferred Property Tax                | 217                        |
| Total Deferred Inflows of Resources  | 217                        |
| <b>NET POSITION</b>                  |                            |
| Restricted for:                      |                            |
| Emergency Reserve                    | 200                        |
| Unrestricted                         | (2,553,883)                |
| Total Net Position                   | \$ (2,553,683)             |

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

|  | Program Revenues           |  |  | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |                       |
|--|----------------------------|--|--|--|-----------------------|
| Expenses                                     | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                   |                       |
| <b>FUNCTIONS/PROGRAMS</b>                    |                            |  |  |  |                       |
| Primary Government:                          |                            |  |  |  |                       |
| Governmental Activities:                     |                            |  |  |  |                       |
| General Government                           | \$ 114,375                 | \$ -                                     | \$ 45,730                              | \$ -   | \$ (68,645)           |
| Interest on Long-Term Debt and Related Costs | 1,255,581                  | -  | -                                      | -  | (1,255,581)           |
|  | <u>\$ 1,369,956</u>        | <u>\$ -</u>                              | <u>\$ 45,730</u>                       | <u>\$ -</u>  | <u>(1,324,226)</u>    |
| <b>GENERAL REVENUES</b>                      |                            |  |  |  |                       |
|  |                            |  |  |  | 232                   |
|  |                            |  |  |  | 22                    |
|  |                            |  |  |  | 65,692                |
|  |                            |  |  |  | 118                   |
|  |                            |  |  |  | <u>66,064</u>         |
| <b>CHANGES IN NET POSITION</b>               |                            |  |  |  | (1,258,162)           |
| Net Position - Beginning of Year             |                            |  |  |  | <u>(1,295,521)</u>    |
| <b>NET POSITION - END OF YEAR</b>            |                            |  |  |  | <u>\$ (2,553,683)</u> |

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

| <b>ASSETS</b>  | General          | Debt<br>Service  | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|------------------|------------------|---------------------|--------------------------------|
| Cash and Investments   | \$ 4,965         | \$ -             | \$ -                | \$ 4,965                       |
| Cash and Investments - Restricted                                    | 200              | 276              | 119,154             | 119,630                        |
| Receivable from County Treasurer                                     | 1                | 1                | -                   | 2                              |
| Due from NMMD No. 2  | 98               | -                | -                   | 98                             |
| Due from NMMD No. 3  | 3                | 39,077           | -                   | 39,080                         |
| Due from NMMD No. 4  | 6                | 14               | -                   | 20                             |
| Interest Income Receivable   | -                | -                | 1,780               | 1,780                          |
| Due from Other Funds   | 56               | -                | -                   | 56                             |
| Property Tax Receivable  | 63               | 154              | -                   | 217                            |
| Prepaid Insurance  | 16,245           | -                | -                   | 16,245                         |
|  | <u>\$ 21,637</u> | <u>\$ 39,522</u> | <u>\$ 120,934</u>   | <u>\$ 182,093</u>              |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                  |                  |                     |                                |
| <b>LIABILITIES</b>   |                  |                  |                     |                                |
| Accounts Payable   | \$ 8,734         | \$ 2,000         | \$ 20,687           | \$ 31,421                      |
| Retainage Payable  | -                | -                | 792,959             | 792,959                        |
| Due to Other Funds   | -                | 56               | -                   | 56                             |
| Total Liabilities  | <u>8,734</u>     | <u>2,056</u>     | <u>813,646</u>      | <u>824,436</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                 |                  |                  |                     |                                |
| Deferred Property Tax  | 63               | 154              | -                   | 217                            |
| Total Deferred Inflows of Resources                                  | <u>63</u>        | <u>154</u>       | <u>-</u>            | <u>217</u>                     |
| <b>FUND BALANCES</b>   |                  |                  |                     |                                |
| Nonspendable:  |                  |                  |                     |                                |
| Prepaid Expense  | 16,245           | -                | -                   | 16,245                         |
| Restricted for:  |                  |                  |                     |                                |
| Emergency Reserves   | 200              | -                | -                   | 200                            |
| Debt Service   | -                | 37,312           | -                   | 37,312                         |
| Capital Projects   | -                | -                | (692,712)           | (692,712)                      |
| Unassigned   | (3,605)          | -                | -                   | (3,605)                        |
| Total Fund Balances  | <u>12,840</u>    | <u>37,312</u>    | <u>(692,712)</u>    | <u>(642,560)</u>               |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances  | <u>\$ 21,637</u> | <u>\$ 39,522</u> | <u>\$ 120,934</u>   |                                |

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 32,293,449

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|                                    |                     |
|------------------------------------|---------------------|
| Bonds Payable                      | (31,900,000)        |
| Accrued Bond Interest              | (1,271,402)         |
| Developer Advance Payable          | (472,000)           |
| Accrued Developer Advance Interest | (561,170)           |
|                                    | <u>(34,204,572)</u> |

Net Position of Governmental Activities

\$ (2,553,683)

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

|  | General          | Debt<br>Service  | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|------------------|------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                              |                  |                  |                     |                                |
| Property Taxes                               | \$ 66            | \$ 166           | \$ -                | \$ 232                         |
| Specific Ownership Taxes                     | 6                | 16               | -                   | 22                             |
| Interest Income                              | 87               | 1,118            | 64,487              | 65,692                         |
| Other Revenue                                | 118              | -                | -                   | 118                            |
| Intergovernmental revenues - NMMD No. 1      | 3                | -                | -                   | 3                              |
| Intergovernmental revenues - NMMD No. 2      | 4,421            | -                | -                   | 4,421                          |
| Intergovernmental revenues - NMMD No. 3      | 228              | 39,626           | -                   | 39,854                         |
| Intergovernmental revenues - NMMD No. 4      | 421              | 1,031            | -                   | 1,452                          |
| Total Revenues                               | <u>5,350</u>     | <u>41,957</u>    | <u>64,487</u>       | <u>111,794</u>                 |
| <b>EXPENDITURES</b>                          |                  |                  |                     |                                |
| Current:                                     |                  |                  |                     |                                |
| Accounting                                   | 34,442           | -                | 7,128               | 41,570                         |
| Auditing                                     | 5,625            | -                | -                   | 5,625                          |
| County Treasurer's Fee                       | 1                | 3                | -                   | 4                              |
| District Management                          | 29,361           | -                | -                   | 29,361                         |
| Dues and Membership                          | 1,277            | -                | -                   | 1,277                          |
| Election                                     | 115              | -                | -                   | 115                            |
| Engineering                                  | -                | -                | 94,807              | 94,807                         |
| Insurance                                    | 15,800           | -                | -                   | 15,800                         |
| Legal  | 9,276            | -                | -                   | 9,276                          |
| Utilities                                    | 11,350           | -                | -                   | 11,350                         |
| Debt Service:                                |                  |                  |                     |                                |
| Bond Interest                                | -                | 70,071           | -                   | 70,071                         |
| Bond Issue Costs                             | -                | -                | 17,941              | 17,941                         |
| Paying Agent Fees                            | -                | 2,000            | -                   | 2,000                          |
| Capital Projects:                            |                  |                  |                     |                                |
| Capital Outlay                               | -                | -                | 26,324,326          | 26,324,326                     |
| Total Expenditures                           | <u>107,247</u>   | <u>72,074</u>    | <u>26,444,202</u>   | <u>26,623,523</u>              |
| <b>EXCESS OF REVENUES UNDER EXPENDITURES</b> |                  |                  |                     |                                |
|  | (101,897)        | (30,117)         | (26,379,715)        | (26,511,729)                   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                  |                  |                     |                                |
| Bond Issuance Proceeds                       | -                | -                | 21,900,000          | 21,900,000                     |
| Developer Advance                            | 118,000          | -                | -                   | 118,000                        |
| Transfers From (To) Other Funds              | -                | 67,429           | (67,429)            | -                              |
| Total Other Financing Sources                | <u>118,000</u>   | <u>67,429</u>    | <u>21,832,571</u>   | <u>22,018,000</u>              |
| <b>NET CHANGE IN FUND BALANCES</b>           |                  |                  |                     |                                |
|  | 16,103           | 37,312           | (4,547,144)         | (4,493,729)                    |
| Fund Balances - Beginning of Year            | <u>(3,263)</u>   | <u>-</u>         | <u>3,854,432</u>    | <u>3,851,169</u>               |
| <b>FUND BALANCES - END OF YEAR</b>           | <u>\$ 12,840</u> | <u>\$ 37,312</u> | <u>\$ (692,712)</u> | <u>\$ (642,560)</u>            |

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (4,493,729)

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

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 amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 26,419,133

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal (21,900,000)  
Developer Advance (118,000)

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.

Accrued Interest Payable - Change in Liability (1,132,881)  
Accrued Interest Payable Developer Advance - Change in Liability (32,685)

Changes in Net Position of Governmental Activities \$ (1,258,162)

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

|   | Original<br>and Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>   |                                 |                   |   |
| Property Taxes  | \$ 66                           | \$ 66             | \$ -  |
| Specific Ownership Taxes                                | 7                               | 6                 | (1)   |
| Interest Income   | 100                             | 87                | (13)  |
| Intergovernmental revenues - NMMD No. 1                 | 3                               | 3                 | -   |
| Intergovernmental revenues - NMMD No. 2                 | 4,323                           | 4,421             | 98  |
| Intergovernmental revenues - NMMD No. 3                 | 226                             | 228               | 2   |
| Intergovernmental revenues - NMMD No. 4                 | 408                             | 421               | 13  |
| Other Revenue   | 4,999                           | 118               | (4,881)   |
| Total Revenues  | <u>10,132</u>                   | <u>5,350</u>      | <u>(4,782)</u>  |
| <b>EXPENDITURES</b>                                     |                                 |                   |   |
| Accounting  | 39,000                          | 34,442            | 4,558   |
| Auditing  | -                               | 5,625             | (5,625)   |
| Contingency   | 4,999                           | -                 | 4,999   |
| County Treasurer's Fee                                  | 1                               | 1                 | -   |
| District Management                                     | 22,000                          | 29,361            | (7,361)   |
| Dues and Membership                                     | 1,400                           | 1,277             | 123   |
| Election  | -                               | 115               | (115)   |
| Insurance   | 14,000                          | 15,800            | (1,800)   |
| Legal   | 44,000                          | 9,276             | 34,724  |
| Miscellaneous   | 2,600                           | -                 | 2,600   |
| Utilities   | -                               | 11,350            | (11,350)  |
| Total Expenditures                                      | <u>128,000</u>                  | <u>107,247</u>    | <u>20,753</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (117,868)                       | (101,897)         | 15,971  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |   |
| Developer Advance                                       | 117,668                         | 118,000           | 332   |
| Transfers To Other Fund                                 | (2,146)                         | -                 | 2,146   |
| Total Other Financing Sources                           | <u>115,522</u>                  | <u>118,000</u>    | <u>2,478</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (2,346)                         | 16,103            | 18,449  |
| Fund Balance - Beginning of Year                        | <u>6,200</u>                    | <u>(3,263)</u>    | <u>(9,463)</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 3,854</u>                 | <u>\$ 12,840</u>  | <u>\$ 8,986</u>   |

See accompanying Notes to Basic Financial Statements.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

North Meadow Metropolitan District No. 5 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on May 12, 2021, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The original Service Plan, approved by the City of Colorado Springs on March 23, 2021, and amended and restated on November 8, 2022, formed North Meadow Metropolitan District Nos. 1 – 5 (the Districts). The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for residential and commercial development.

The District was organized in conjunction with North Meadow Metropolitan District No. 1 (District No. 1), North Meadow Metropolitan District No. 2 (District No. 2), North Meadow Metropolitan District No. 3 (District No. 3), and North Meadow Metropolitan District No. 4 (District No. 4) to serve the needs of the North Meadow development for the purpose of financing, construction and operation of improvements and infrastructure serving the five districts. The District is responsible for managing the construction, operation and maintenance of all improvements not transferred to the City of Colorado Springs. District No. 1, District No. 2, District No. 3, and District No. 4 are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund ongoing operations.

The District follows Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, 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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 collectable 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. 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.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

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.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses 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.

The District amended its annual budget for the year ended December 31, 2024.

**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 and investments.

**Interfund Balances**

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statements except for the residual balances between the governmental activities and business-type activities, which are reported as internal balances.

**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.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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 which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets.

The District does not depreciate its Construction in Progress capital assets.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

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

**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: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2024. The deficit will be eliminated with the receipt of funds drawn from the Series 2023A Bonds (see Note 5) in 2025.

**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              | \$ 4,965   |
| Cash and Investments - Restricted | 119,630    |
| Total Cash and Investments        | \$ 124,595 |

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

|                                      |            |
|--------------------------------------|------------|
| Deposits with Financial Institutions | \$ 14,113  |
| Investments                          | 110,482    |
| Total Cash and Investments           | \$ 124,595 |

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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.

At December 31, 2024, the District's cash deposits had a bank balance of \$14,113 and a carrying balance of \$14,113.

**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 noted with an asterisk (\*) 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 or 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.

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 securities of 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 repurchase agreements collateralized by certain authorized securities
- \* Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

| <u>Investment</u>  | <u>Maturity</u>                   | <u>Amount</u>     |
|--|-----------------------------------|-------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average<br>Under 60 Days | \$ 706            |
| MSILF Money Market Treasury                              | Weighted-Average<br>Under 60 Days | 109,776           |
| Total  |                                   | <u>\$ 110,482</u> |

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**MSILF Money Market Funds Treasury**

The debt service money that is included in the trust accounts at United Missouri Bank (successor of American National Bank) is invested in the Morgan Stanley Institutional Liquidity Funds (MSILF) Treasury Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley and each share is equal in value to \$1.00. The fund is rated AAAM by Standard & Poor's and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

|  | Balance at<br>December 31,<br>2023 | Increases            | Decreases   | Balance at<br>December 31,<br>2024 |
|--|------------------------------------|----------------------|-------------|------------------------------------|
| <b>Governmental Activities:</b>                |                                    |                      |             |                                    |
| Capital Assets, Not Being Depreciated:         |                                    |                      |             |                                    |
| Construction in Progress                       | \$ 5,874,316                       | \$ 26,419,133        | \$ -        | \$ 32,293,449                      |
| Total Capital Assets,<br>Not Being Depreciated | <u>\$ 5,874,316</u>                | <u>\$ 26,419,133</u> | <u>\$ -</u> | <u>\$ 32,293,449</u>               |

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2024:

|                               | Balance at<br>December 31,<br>2023 | Additions            | Reductions       | Balance at<br>December 31,<br>2024 | Due<br>Within<br>One Year |
|-------------------------------|------------------------------------|----------------------|------------------|------------------------------------|---------------------------|
| <b>Bonds Payable:</b>         |                                    |                      |                  |                                    |                           |
| General Obligation Bonds      |                                    |                      |                  |                                    |                           |
| Series 2023A                  | \$ 10,000,000                      | \$ 21,900,000        | \$ -             | \$ 31,900,000                      | \$ -                      |
| Accrued Interest              |                                    |                      |                  |                                    |                           |
| Series 2023A                  | 138,521                            | 1,202,952            | 70,071           | 1,271,402                          | -                         |
| Subtotal Bonds Payable        | <u>10,138,521</u>                  | <u>23,102,952</u>    | <u>70,071</u>    | <u>33,171,402</u>                  | <u>-</u>                  |
| <b>Other Debts:</b>           |                                    |                      |                  |                                    |                           |
| Developer Advance - Operating | 243,997                            | 118,000              | -                | 361,997                            | -                         |
| Developer Advance - Capital   | 110,003                            | -                    | -                | 110,003                            | -                         |
| Accrued Interest on:          |                                    |                      |                  |                                    |                           |
| Developer Advance - Operating | 20,657                             | 23,885               | -                | 44,542                             | -                         |
| Developer Advance - Capital   | 507,828                            | 8,800                | -                | 516,628                            | -                         |
| Subtotal Other Debts          | <u>882,485</u>                     | <u>150,685</u>       | <u>-</u>         | <u>1,033,170</u>                   | <u>-</u>                  |
| Total Long-Term Obligations   | <u>\$ 11,021,006</u>               | <u>\$ 23,253,637</u> | <u>\$ 70,071</u> | <u>\$ 34,204,572</u>               | <u>\$ -</u>               |

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The details of the District's long-term obligations are as follows:

**\$54,061,000 General Obligation and Senior Cash-Flow Bonds, Series 2023A**

The Supplemental Indenture authorized the District to issue the Bonds in the par amount of \$54,061,000. The Bonds will be issued on a "drawdown" basis, so that advances of the purchase price of the Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the Supplemental Indenture. The initial drawdown amount on the closing date of October 10, 2023 was \$10,000,000. As amended in the First Amendment to the Supplemental Trust Indenture dated May 22, 2024, the minimum drawdown amount is \$250,000, except for the last drawdown. The Bonds were issued for the purposes of: (a) financing certain Public Improvements related to the Development and (b) paying the costs of issuing the Bonds. The termination date is December 31, 2063, as per the Master Trust Indenture.

The Bonds bear interest at the rate of 7.0% per annum and are structured as "cash flow" bonds, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date of December 1, 2053. Instead, interest is payable on December 1 (Interest Payment Date) and principal is payable on each December 1 pursuant to a mandatory redemption from available Pledged Revenue, if any. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Bonds.

The Bonds are subject to redemption prior to maturity, at the option of the District, on any business day on and after October 20, 2023, at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to such date.

Under the Capital Pledge agreement dated October 1, 2023, District Nos. 3 and 4 are considered Taxing Districts. Events of default occur if the District or the Taxing Districts do not impose the Required Debt Service Mill Levy, fails to apply the Pledged Revenue as required by the Indenture, defaults its obligation under the Development Agreement, or fails to observe or perform any covenant or agreement under the Indenture.

**Pledged Revenue**

The Bonds are secured by and payable solely from and to the extent of the Pledged Revenues, generally consisting of: (a) all revenues from the imposition of the District and Taxing Districts' Debt Service Mill Levy and the Metropolitan District Required Mill Levy, net of the costs of collection; (b) the District and Taxing Districts' Development Fees Revenues; (c) the District and Taxing Districts' Specific Ownership Tax Revenue; and (d) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit in to the Revenue Fund, or otherwise held under the Master Indenture.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Pledged Revenue (Continued)**

Resolution Development Fee

On July 27, 2022, the District resolved to impose a System Development Fee of \$1,500 for each residential unit, except that the rate for multi-family residential units that are all within a single platted lot or parcel will be 25% of the then single-family residential system development fee, which shall be due and payable prior to the issuance of a certificate of occupancy for any applicable unit.

District Debt Service Mill Levy

Pursuant to the Master Indenture and except as otherwise provided in a Supplemental Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2006), net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County to pay the principal of, premium, if any, and interest on the Bonds.

Metropolitan District Debt Service Mill Levy

Pursuant to the Master Indenture, the District has covenanted to require North Meadow Metropolitan District Nos. 3 and 4 (the Taxing Districts) to impose an ad valorem mill levy upon all taxable property of each Metropolitan District in the amount of the Metropolitan District Required Mill Levy, but in no event in excess of 30 mills, which will be remitted to the District, as stated in the Capital Pledge Agreement dated October 1, 2023, made between the Taxing Districts and the District.

The Master Indenture defines "Metropolitan District Required Mill Levy" as an ad valorem mill levy imposed by the District and the Taxing Districts upon all taxable property of such Metropolitan District which is assessed as residential by the County each year at a rate equal to 50 mills (net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County and subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 1, 2006) to pay the principal of, premium, if any, and interest on the Bonds.

Specific Ownership Tax Revenue

Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the District Debt Service Mill Levy by the District and the Metropolitan District Required Mill Levy by the Metropolitan Districts and remitted to the District is pledged to the payment of the Bonds as Specific Ownership Tax Revenues.

**Bonds Debt Service**

The outstanding principal and interest due on the Bonds are not currently determinable since the Bonds are paid from cash flows when drawn down.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Subsequent Draws**

Subsequent to the date of the financial statements through July 22, 2025, the district drew an additional \$7,350,000 on the Bonds.

**Authorized Debt**

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,465,000,000 at an interest rate not to exceed 12% per annum. At December 31, 2024, the District has authorized but unissued indebtedness for the following amounts allocated to the following purposes:

|                                  | Amount<br>Authorized on<br>November 2,<br>2021 | Authorization<br>Used<br>Series 2023A<br>Bonds | Authorized but<br>Unissued as of<br>December 31,<br>2024 |
|----------------------------------|--|--|--|
| Street Improvements              | \$ 145,000,000                                 | \$ 12,386,850                                  | \$ 132,613,150   |
| Water                            | 145,000,000                                    | 11,513,551                                     | 133,486,449  |
| Sanitation                       | 145,000,000                                    | 4,732,290                                      | 140,267,710  |
| Traffic and Safety               | 145,000,000                                    | -  | 145,000,000  |
| Transportation                   | 145,000,000                                    | -  | 145,000,000  |
| Park and Recreation              | 145,000,000                                    | 2,722,215                                      | 142,277,785  |
| Mosquito Control                 | 145,000,000                                    | -  | 145,000,000  |
| Television Relay and Translation | 145,000,000                                    | -  | 145,000,000  |
| Security                         | 145,000,000                                    | -  | 145,000,000  |
| Business Recruitment             | 145,000,000                                    | -  | 145,000,000  |
| Fire Protection                  | 145,000,000                                    | -  | 145,000,000  |
| Operations and Maintenance       | 145,000,000                                    | 522,624  | 144,477,376  |
| Revenue Debt                     | 145,000,000                                    | -  | 145,000,000  |
| Special Assessments              | 145,000,000                                    | -  | 145,000,000  |
| Reimbursement Agreements         | 145,000,000                                    | 22,470   | 144,977,530  |
| Debt Refunding                   | 290,000,000                                    | -  | 290,000,000  |
| Total                            | <u>\$ 2,465,000,000</u>                        | <u>\$ 31,900,000</u>                           | <u>\$ 2,433,100,000</u>                                  |

As set forth in the District's 2022 Amended and Restated Service Plan, debt issued by the Districts is subject to the approval of the City Council concurrent with the time of issuance, unless previously authorized. The District may levy up to 50.000 mills for debt service, up to 20.000 mills for residential general operations and administrative expenses, and up to 10.000 mills for commercial general operations and administrative expenses, subject to the upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut or abatement occurring after, but not before August 9, 2022. The District and North Meadow Metropolitan District Nos. 1 – 4 are authorized to issue Debt up to \$200,000,000 in total principal amount combined in aggregate.

**Developer Advances**

**Facilities Funding and Acquisition Agreement**

On May 21, 2021, the District and District Nos. 1 – 4 entered into a Facilities Funding and Acquisition Agreement (the Agreement) with BL Development INC for infrastructure improvements made on behalf of the Districts. The District agrees to repay BL Development INC along with accrued interest at a rate of 8%.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances (Continued)**

Facilities Funding and Acquisition Agreement (Continued)

As of December 31, 2024, outstanding principal totaled \$110,003 and accrued interest totaled \$516,628.

Reimbursement Agreement

On May 21, 2021, the District and District Nos. 1 – 4 entered into a Reimbursement Agreement (the Agreement) with BL Development INC for operational advances made on behalf of the Districts. The District agrees to repay BL Development INC along with accrued interest at a rate of 8%.

As of December 31, 2024, outstanding principal totaled \$361,997 and accrued interest totaled \$44,542.

**NOTE 6 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024 as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Restricted Net Position:      |                            |
| Emergencies                   | \$ 200                     |
| Total Restricted Net Position | \$ 200                     |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of developer advances received for operations and capital projects and bonds that were issued to finance public improvements.

**NOTE 7 RELATED PARTIES**

The Developers of the property which constitutes the District are Nor'Wood Development Group, BL Development INC., and BLR Construction, LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 9 AGREEMENTS AND COMMITMENTS**

**Intergovernmental District Facilities Construction and Service Agreement**

On May 21, 2021, the District entered in an intergovernmental district facilities construction and service agreement (IGA) with North Meadow Metropolitan District Nos. 1 – 4 (Financing Districts). The purpose of the IGA is to set forth the rights and obligations of the District and the Financing Districts to fund the public improvements and continued operation and maintenance of public improvements, in addition to the rights and obligations of the District to operate and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the District will benefit all property owners and residents within the Districts. The IGA shall remain in effect until May 20, 2061, unless terminated earlier.

**Construction Project Delivery Agreement**

On October 10, 2023 and as amended on November 15, 2023 and September 18, 2024, North Meadow Metropolitan District No. 1 entered into a Construction Project Delivery Agreement with BLR Construction, LLC (Contractor). All work under this agreement will be authorized by one or more task orders issued by the North Meadow Metropolitan District No. 1. The work to be performed consists of the management, labor and/or services and materials, equipment, transportation, power, and/or facilities necessary to complete the applicable project-related activities.

**NOTE 10 INTERFUND TRANSFER**

The transfer from the Capital Projects Fund to the Debt Service Fund was a result of applying excess funds, set aside for costs of issuing the Bonds, to the principal and interest of the Bonds.

**NOTE 11 RISK MANAGEMENT**

The District is 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 (the 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.

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

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

**NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 2, 2021, a majority of the District's electors passed an election question to increase the property taxes \$10,000,000 annually to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenues without regard to any limitations under TABOR.

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**

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

|   | Budget       |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------|------------------|-------------------|---|
|   | Original     | Final            |                   |   |
| <b>REVENUES</b>   |              |                  |                   |   |
| Property Taxes  | \$ 166       | \$ 166           | \$ 166            | \$ -  |
| Specific Ownership Taxes                                | 17           | 17               | 16                | (1)   |
| Interest Income   | -            | -                | 1,118             | 1,118   |
| Intergovernmental revenues - NMMD No. 3                 | 602          | 39,602           | 39,626            | 24  |
| Intergovernmental revenues - NMMD No. 4                 | 1,071        | 1,071            | 1,031             | (40)  |
| Other Revenue   | 998          | 998              | -                 | (998)   |
| Total Revenues  | <u>2,854</u> | <u>41,854</u>    | <u>41,957</u>     | <u>103</u>  |
| <b>EXPENDITURES</b>                                     |              |                  |                   |   |
| County Treasurer's Fee                                  | 2            | 2                | 3                 | (1)   |
| Paying Agent Fees                                       | 4,000        | 4,000            | 2,000             | 2,000   |
| Bond Interest   | -            | 70,071           | 70,071            | -   |
| Contingency   | 998          | 927              | -                 | 927   |
| Total Expenditures                                      | <u>5,000</u> | <u>75,000</u>    | <u>72,074</u>     | <u>2,926</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (2,146)      | (33,146)         | (30,117)          | 3,029   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |              |                  |                   |   |
| Transfers From Other Funds                              | <u>2,146</u> | <u>65,276</u>    | <u>67,429</u>     | <u>2,153</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | -            | 32,130           | 37,312            | 5,182   |
| Fund Balance - Beginning of Year                        | <u>-</u>     | <u>-</u>         | <u>-</u>          | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ -</u>  | <u>\$ 32,130</u> | <u>\$ 37,312</u>  | <u>\$ 5,182</u>   |

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

|   | Original<br>and Final<br>Budget | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|---------------------|---|
| <b>REVENUES</b>   |                                 |                     |   |
| Interest Income   | \$ -                            | \$ 64,487           | \$ 64,487   |
| Total Revenues  | -                               | 64,487              | 64,487  |
| <b>EXPENDITURES</b>                                     |                                 |                     |   |
| Accounting  | 30,000                          | 7,128               | 22,872  |
| Engineering   | 50,000                          | 94,807              | (44,807)  |
| Legal   | 50,000                          | -                   | 50,000  |
| Capital Outlay  | 48,720,075                      | 26,324,326          | 22,395,749  |
| Bond Issue Costs  | -                               | 17,941              | (17,941)  |
| Total Expenditures                                      | <u>48,850,075</u>               | <u>26,444,202</u>   | <u>22,405,873</u>                                       |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (48,850,075)                    | (26,379,715)        | 22,470,360  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                     |   |
| Bond Issuance Proceeds                                  | -                               | 21,900,000          | 21,900,000  |
| Transfers To Other Fund                                 | -                               | (67,429)            | (67,429)  |
| Total Other Financing Sources                           | <u>-</u>                        | <u>21,832,571</u>   | <u>21,832,571</u>                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (48,850,075)                    | (4,547,144)         | 44,302,931  |
| Fund Balance - Beginning of Year                        | <u>48,850,075</u>               | <u>3,854,432</u>    | <u>(44,995,643)</u>                                     |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ -</u>                     | <u>\$ (692,712)</u> | <u>\$ (692,712)</u>                                     |

## **OTHER INFORMATION**

**NORTH MEADOW METROPOLITAN DISTRICT NO. 5**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2024**

| Year Ended<br>December 31,                        | Assessed<br>Valuation | Percent<br>Change | Total Mills Levied    |                 |        | Total Property Taxes |           | Percent<br>Collected<br>to Levied |
|---|-----------------------|-------------------|-----------------------|-----------------|--------|----------------------|-----------|-----------------------------------|
|   |                       |                   | General<br>Operations | Debt<br>Service | Total  | Levied               | Collected |                                   |
| 2022  | \$ 65,150             | 0.0%              | 10.000                | -               | 10.000 | \$ 652               | \$ 652    | 100.00 %                          |
| 2023  | 970                   | -98.5%            | 20.000                | -               | 20.000 | 19                   | 19        | 100.00 %                          |
| 2024  | 3,150                 | 224.7%            | 21.104                | 52.761          | 73.865 | 232                  | 19        | 8.19 %                            |
| Estimated for<br>Year Ending<br>December 31, 2025 | \$ 3,080              | -2.2%             | 20.574                | 50.000          | 70.574 | \$ 217               |           |                                   |

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.