

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN  
DISTRICT NO. 1  
Town of Johnstown, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
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         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         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,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>25</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>26</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>28</b>
<b>SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>29</b>



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Ledge Rock Center Residential Metropolitan District No. 1**

Town of Johnstown, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Ledge Rock Center Residential Metropolitan District No. 1 ("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.

### Emphasis of Matter

As discussed in Note 12, these financial statements have been restated to correct the balances of capital assets and developer advances in the previously reported. Our opinion is not modified with respect to this matter.

### 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  
November 11, 2025

## **BASIC FINANCIAL STATEMENTS**

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 8,542
Cash and Investments - Restricted	6,133,551
Prepaid Insurance	2,813
Receivable from County Treasurer	1
Property Tax Receivable	77,709
Capital Assets:	
Capital Assets Not Being Depreciated	5,351,843
Total Assets	11,574,459
<b>LIABILITIES</b>	
Accounts Payable	11,376
Accrued Interest	69,859
Noncurrent Liabilities:	
Due in More Than One Year	16,400,733
Total Liabilities	16,481,968
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	77,709
Total Deferred Inflows of Resources	77,709
<b>NET POSITION</b>	
Restricted for:	
Debt Service	79,215
Capital Project	134,570
Unrestricted	(5,199,003)
Total Net Position	\$ (4,985,218)

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Governmental Activities:				
General Government	\$ 3,586,309	\$ -	\$ -	\$ (3,586,309)
Interest on Long-Term Debt and Related Costs	1,557,254	-	-	(1,557,254)
Total Governmental Activities	\$ 5,143,563	\$ -	\$ -	(5,143,563)
<b>GENERAL REVENUES</b>				
Property Taxes				594
Specific Ownership Taxes				21
Interest Income				236,322
Other Revenue				249
Total General Revenues and Transfers				237,186
<b>CHANGES IN NET POSITION</b>				(4,906,377)
Net Position - Beginning of Year, as Restated				(78,841)
<b>NET POSITION - END OF YEAR</b>				\$ (4,985,218)

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 8,542	\$ -	\$ -	\$ 8,542
Cash and Investments - Restricted	-	3,397,268	2,736,283	6,133,551
Receivable from County Treasurer	-	1	-	1
Prepaid Insurance	2,813	-	-	2,813
Property Tax Receivable	15,541	62,168	-	77,709
	<u>\$ 26,896</u>	<u>\$ 3,459,437</u>	<u>\$ 2,736,283</u>	<u>\$ 6,222,616</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 9,713	\$ -	\$ 1,663	\$ 11,376
Total Liabilities	9,713	-	1,663	11,376
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	15,541	62,168	-	77,709
Total Deferred Inflows of Resources	15,541	62,168	-	77,709
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	2,813	-	-	2,813
Restricted for:				
Debt Service	-	3,397,269	-	3,397,269
Capital Projects	-	-	2,734,620	2,734,620
Assigned to:				
Subsequent Year's Expenditures	14,566	-	-	14,566
Unassigned	(15,737)	-	-	(15,737)
Total Fund Balances	<u>1,642</u>	<u>3,397,269</u>	<u>2,734,620</u>	<u>6,133,531</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,896</u>	<u>\$ 3,459,437</u>	<u>\$ 2,736,283</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.	5,351,843
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(69,859)
Bonds Payable	(14,955,000)
Developer Advance Payable	(1,445,733)
Net Position of Governmental Activities	<u>\$ (4,985,218)</u>

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 119	\$ 475	\$ -	\$ 594
Specific Ownership Taxes	4	17	-	21
Interest Income	-	119,362	116,960	236,322
Other Revenue	249	-	-	249
Total Revenues	<u>372</u>	<u>119,854</u>	<u>116,960</u>	<u>237,186</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	23,765	-	7,419	31,184
County Treasurer's Fee	2	7	-	9
District Management	11,481	-	-	11,481
Dues And Membership	343	-	-	343
Election	160	-	-	160
Engineering	-	-	15,706	15,706
Insurance	2,710	-	-	2,710
Intergovernmental Expenditures	-	-	3,492,392	3,492,392
Legal	15,993	-	16,166	32,159
Miscellaneous	172	-	-	172
Debt Service:				
Bond Interest	-	458,743	-	458,743
Bond Issue Costs	-	-	704,420	704,420
Paying Agent Fees	-	4,000	-	4,000
Capital Projects:				
Capital Outlay	-	-	5,093,792	5,093,792
Total Expenditures	<u>54,626</u>	<u>462,750</u>	<u>9,329,895</u>	<u>9,847,271</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(54,254)	(342,896)	(9,212,935)	(9,610,085)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds - Series 2024A	-	-	13,150,000	13,150,000
Bond Issuance Proceeds - Series 2024B	-	-	1,805,000	1,805,000
Developer Advance	65,118	-	5,154,134	5,219,252
Repay Developer Advance	-	-	(4,422,701)	(4,422,701)
Transfers (To) From Other Funds	(4,000)	3,740,165	(3,736,165)	-
Total Other Financing Sources	<u>61,118</u>	<u>3,740,165</u>	<u>11,950,268</u>	<u>15,751,551</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,864	3,397,269	2,737,333	6,141,466
Fund Balances - Beginning of Year	<u>(5,222)</u>	<u>-</u>	<u>(2,713)</u>	<u>(7,935)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,642</u>	<u>\$ 3,397,269</u>	<u>\$ 2,734,620</u>	<u>\$ 6,133,531</u>

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
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 \$ 6,141,466

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 5,093,792

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

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 Issuance Proceeds - Series 2024A	(13,150,000)
Bond Issuance Proceeds - Series 2024B	(1,805,000)
Developer Advance	(5,219,252)
Repay Developer Advance	4,422,701

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

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	(69,859)
Accrued Interest Payable Developer Advance - Change in Liability	<u>(320,225)</u>

Changes in Net Position of Governmental Activities \$ (4,906,377)

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 119	\$ 119	\$ -
Specific Ownership Taxes	5	4	(1)
Other Revenue	-	249	249
Total Revenues	<u>124</u>	<u>372</u>	<u>248</u>
<b>EXPENDITURES</b>			
Accounting	30,000	23,765	6,235
Contingency	5,998	-	5,998
County Treasurer's Fee	2	2	-
District Management	35,000	11,481	23,519
Dues And Membership	400	343	57
Election	-	160	(160)
Insurance	3,000	2,710	290
Legal	20,000	15,993	4,007
Miscellaneous	1,500	172	1,328
Website	700	-	700
Total Expenditures	<u>96,600</u>	<u>54,626</u>	<u>41,974</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(96,476)	(54,254)	42,222
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	96,486	65,118	(31,368)
Transfers To Other Fund	-	(4,000)	(4,000)
Total Other Financing Sources (Uses)	<u>96,486</u>	<u>61,118</u>	<u>(35,368)</u>
<b>NET CHANGE IN FUND BALANCE</b>	10	6,864	6,854
Fund Balance - Beginning of Year	<u>-</u>	<u>(5,222)</u>	<u>(5,222)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 10</u>	<u>\$ 1,642</u>	<u>\$ 1,632</u>

See accompanying Notes to Basic Financial Statements.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Ledge Rock Center Residential Metropolitan District No. 1 (the District) a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Weld County recorded on December 1, 2021, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Johnstown (Town) on September 8, 2021, as amended and restated on June 6, 2022, and subsequently amended on December 4, 2023.

The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, repair, replacement and operations and maintenance of the Public Improvements from the proceeds of debt that may be issued by the District and to provide for the ownership, operation or maintenance by the Town or District where appropriate.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described 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, public improvement fees, and intergovernmental revenues.

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

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Government-Wide and Fund Financial Statements (Continued)**

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 the 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 intergovernmental revenues. 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 or construction of major capital facilities and other assets.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of 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 budget for the year ending 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.

**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 or business-type 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.

**Property Taxes**

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

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

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Deferred Inflow 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only 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 amounts become 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.

*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.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Equity (Continued)**

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

**Accounting Standards**

In June 2022, the GASB issue Statement 100, Accounting Changes and Error Corrections (Statement 100). This Statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. On January 1, 2024, The District adopted the requirements of Statement 100 (Note 12).

**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	\$ 8,542
Cash and Investments - Restricted	<u>6,133,551</u>
Total Cash and Investments	<u><u>\$ 6,142,093</u></u>

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

Deposits with Financial Institutions	\$ 28,543
Investments	<u>6,113,550</u>
Total Cash and Investments	<u><u>\$ 6,142,093</u></u>

**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 and carrying balance of \$28,543.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**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

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 (CSAFE)	Weighted-Average Under 60 Days	\$ 6,113,550
		<u>\$ 6,113,550</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2024**

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

**CSAFE (Continued)**

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$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, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE 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 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. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

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

	Balance at December 31, 2023 as Restated	Increases	Decreases	Balance at December 31, 2024
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 258,051	\$ 5,093,792	\$ -	\$ 5,351,843
Total Capital Assets, Not Being Depreciated	<u>\$ 258,051</u>	<u>\$ 5,093,792</u>	<u>\$ -</u>	<u>\$ 5,351,843</u>

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2023, as Restated	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
<b>Bonds Payable:</b>					
General Obligation Bonds					
Series 2024A	\$ -	\$ 13,150,000	\$ -	\$ 13,150,000	\$ -
Series 2024B	-	1,805,000	-	1,805,000	-
Subtotal Bonds Payable	-	14,955,000	-	14,955,000	-
<b>Other Debts:</b>					
Developer Advance - Operating	42,464	65,118	-	107,582	-
Developer Advance - Capital	258,051	5,154,134	4,422,701	989,484	-
Accrued Interest on:					
Developer Advance - Operating	2,510	5,874	-	8,384	-
Developer Advance - Capital	25,932	314,351	-	340,283	-
Subtotal Other Debts	328,957	5,539,477	4,422,701	1,445,733	-
 Total Long-Term Obligations	 \$ 328,957	 \$ 20,494,477	 \$ 4,422,701	 \$ 16,400,733	 \$ -

**Limited Tax General Obligation Bonds, Series 2024A (the Senior Bonds) and Subordinate Limited Tax General Obligation Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)**

The District issued the Senior Bonds and Subordinate Bonds on May 14, 2024, in the amounts of \$13,135,000 and \$1,805,000 respectively.

**Proceeds of the Bonds**

Proceeds from the sale of the Senior Bonds are planned to be applied to (i) finance or refinance a portion of the costs of the Project; (ii) fund an initial deposit to the Senior Surplus Fund; (iii) pay capitalized interest on the Senior Bonds; and (iv) pay costs of issuance in connection with the Senior Bonds. Proceeds of the Subordinate Bonds will be used to: (i) pay the Project Costs; and (ii) pay other costs incurred in connection with the issuance of the Subordinate Bonds.

**Details of the Senior Bonds**

The Senior Bonds will bear interest at the rate of 6.375%, payable semi-annually to the extent of Senior Pledged Revenue available on each June 1 and December 1 (the Interest Payment Dates), beginning on June 1, 2024. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2030. The Senior Bonds mature on December 1, 2054.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Details of the Subordinate Bonds**

The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Subordinate Bonds is payable annually on each December 15, commencing December 15, 2024, from, and to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds mature on December 15, 2054.

The Subordinate Bonds will bear interest at the rate of 8.75% per annum payable annually on each December 15, but only from and to the extent of available Subordinate Pledged Revenue, beginning on December 15, 2024.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 16, 2064 (the Termination Date). In the event interest on any Subordinate Bond is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the Subordinate Bond.

All of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to such date.

**Optional Redemption**

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2029, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2029, through May 31, 2030	3.00%
June 1, 2030, through May 31, 2031	2.00
June 1, 2031, through May 31, 2032	1.00
June 1, 2032, and thereafter	0.00

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Senior Pledged Revenue**

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue meaning the following:

(a) all Senior Property Tax Revenues; and

(b) all Senior Specific Ownership Tax Revenues remitted to the Taxing Districts as a result of the imposition of the Senior Required Mill levy; and

(c) any other legally available moneys which the Issuing District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

“Senior Property Tax Revenues” means all moneys derived from imposition by the Issuing District of the Senior Required Mill Levy, and all moneys derived from imposition by Ledge Rock Center Residential Metropolitan District No. 2 (District No. 2) of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

**Senior Required Mill Levy**

The Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the Issuing District and District No. 2 each year beginning in 2025 in an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due, but (i) not in excess of 40 mills, and (ii) for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 40 mills, or such lesser mill levy which will fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due and will fund the Senior Surplus Fund up to the Maximum Surplus Amount.

**Senior Required Mill Levy (Continued)**

In the event that the method of calculating assessed valuation is changed after January 1, 2021, the maximum mill levy of 40 mills provided in the Senior Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (it being acknowledged that such adjustment with respect to the Issuing District and District No. 2 may result in different mill levies being imposed by each of the Issuing District and District No. 2). For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Other requirements may apply as described in the Senior Indenture.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Subordinate Pledged Revenue**

The Subordinate Bonds are secured by and payable from and to the extent of Subordinate Pledged Revenue meaning the following:

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues remitted to the Taxing Districts as a result of the imposition of the Subordinate Required Mill levy; and
- (c) any other legally available moneys which the Issuing District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

“Subordinate Property Tax Revenues” means all moneys derived from imposition by the Issuing District of the Subordinate Required Mill Levy, and all moneys derived from imposition by District No. 2 of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

**Subordinate Required Mill Levy**

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the Issuing District and District No. 2 each year beginning in 2025 in an amount equal to (i) 40 mills less the applicable Senior Required Mill Levy, or (ii) such lesser amount which, if imposed by the Issuing District and District No. 2 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the Subordinate Bonds and any Additional Subordinate Obligations (subject to adjustment).

**District No. 2 Pledge Cap**

Under the Senior Pledge Agreement, the amount that District No. 2 can contribute is \$4,967,000 in principal, bearing interest at the rate of interest on the 2024A Senior Bonds and the 2024B Subordinate Bonds based on the net effective interest rate of the 2024A Senior Bonds and 2024B Subordinate Bonds, and any Additional Senior Obligations or Additional Subordinate Obligations, which amount may be used for District No. 2 Project Costs and District No. 2’s pro rata share of the costs of issuance of the 2024A Senior Bonds and the 2024B Subordinate Bonds.

**Additional Security of the Senior Bonds**

The Senior Bonds are additionally secured by capitalized interest in the amount of \$2,514,938, which will be funded from bonds proceeds, and by amounts, if any, in the Senior Surplus Fund.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Senior Surplus Fund**

The Senior Surplus Fund will be partially funded with an Initial Deposit of bond proceeds in the amount of \$1,192,000. Additionally, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$2,630,000.

In the event the amounts credited to the Senior Bond Fund are insufficient to pay the principal of, premium if any, or interest on the Senior Bonds when due, the Trustee shall transfer from the Senior Surplus Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund, will be sufficient to make such payments when due.

Amounts on deposit, if any, in the Senior Surplus Fund on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The Issuing District has acknowledged that State law places certain restrictions on the use of money derived from bond proceeds and the Required Mill Levies.

The Subordinate Bonds are not secured by the Senior Surplus Fund.

**Events of Default of the Bonds**

Events of default occur if the Districts fail to impose the Required Mill Levies, or to apply the Pledged Revenues as required by the Indentures, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Acceleration of the Bonds shall not be an available remedy for an Event of Default.

The Series 2024A Bonds principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 838,313	\$ 838,313
2026	-	838,313	838,313
2027	-	838,313	838,313
2028	-	838,313	838,313
2029	-	838,313	838,313
2030-2034	765,000	4,105,820	4,870,820
2035-2039	1,310,000	3,796,950	5,106,950
2040-2044	2,095,000	3,285,994	5,380,994
2045-2049	3,155,000	2,491,988	5,646,988
2050-2054	5,825,000	1,309,426	7,134,426
Total	<u>\$ 13,150,000</u>	<u>\$ 19,181,743</u>	<u>\$ 32,331,743</u>

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Authorized Debt**

On November 2, 2021, a majority of the qualified electors of the District authorized the incurrence of indebtedness in an amount not to exceed \$36,000,000 in general obligation debt for Public Improvements in an amount not to exceed \$54,000,000.

	Amount Authorized on November 2, 2021	<u>Authorization Used</u> Series 2024A and 2024B Bonds	Authorized But Unused
Water	\$ 3,600,000	\$ 3,600,000	\$ -
Sanitation	3,600,000	3,600,000	-
Streets	3,600,000	1,201,209	2,398,791
Traffic and Safety	3,600,000	-	3,600,000
Parks and Recreation	3,600,000	3,172,460	427,540
Transportation	3,600,000	-	3,600,000
TV Relay and Translation	3,600,000	-	3,600,000
Mosquito Control	3,600,000	-	3,600,000
Security	3,600,000	-	3,600,000
Fire Protection and Emergency Medical	3,600,000	-	3,600,000
2024 Bonds to Allocate	-	3,381,331	-
Debt Refunding	7,200,000	-	7,200,000
Revenue	3,600,000	-	3,600,000
Directional Drilling	3,600,000	-	3,600,000
Reimbursement Agreements	3,600,000	-	3,600,000
Limited Mill Levy	3,600,000	-	3,600,000
Operations and Maintenance	3,600,000	-	3,600,000
Total	<u>\$ 61,200,000</u>	<u>\$ 14,955,000</u>	<u>\$ 46,245,000</u>

Pursuant to the First Amended and Restated Service Plan, the District is permitted to issue bond indebtedness in an aggregate amount up to \$15,250,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 NET POSITION**

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

Restricted net position includes 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.

	Governmental Activities
Restricted Net Position:	
Debt Service Reserve	\$ 79,215
Capital Projects Reserve	134,570
Total Restricted Net Position	\$ 213,785

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements.

**NOTE 7 AGREEMENTS**

**Funding and Reimbursement Agreement - Joint**

The District has approved a Multiple-Year Funding and Reimbursement Agreement (FRA) with Ledge Rock Center, LLC (Developer), a Kansas limited liability company, Ledge Rock Metropolitan District No. 2, and Ledge Rock Center Commercial Metropolitan District, with an effective date of December 14, 2021. The FRA sets forth the terms upon which the Developer is to advance funds to the District to pay, or will directly pay, its ongoing operations, maintenance and administrative expenses (O&M Expenses) which enable it to provide administrative and operations services for itself on a periodic basis as needed from the date of the FRA up to an aggregate amount of \$500,000 upon written notice from the District.

The FRA provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each Advance from the date such loan amount is made to the District, until paid. At December 31, 2024, there was \$107,582 in unpaid principal and \$8,384 in unpaid interest.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 AGREEMENTS (CONTINUED)**

**Advance and Reimbursement Agreement - Joint**

The District has approved a Multiple-Year Advance and Reimbursement Agreement (ARA) with the Developer, Ledge Rock Center Residential Metropolitan District No. 2, and Ledge Rock Center Commercial Metropolitan District, with an effective date of December 14, 2021. The ARA sets forth the terms upon which the Developer is to advance funds to the District for formation and organization costs, construction, installation, and acquisition of Public Improvements (Capital Expenses) as needed from the date of the ARA up to an aggregate amount of \$3,600,000.

The ARA provides that simple interest is to accrue at the rate of 2% plus the current Federal Reserve Prime rate per annum on each Advance from the date such loan amount is made to the District, until paid. At December 31, 2024, there was \$989,484 in unpaid principal and \$340,283 in unpaid interest.

**Intergovernmental Agreement with the Town of Johnstown**

The District and the Town of Johnstown (Town) entered into an Intergovernmental Agreement on June 20, 2023 and First Amendment to the Amended and Restated Intergovernmental Agreement on December 4, 2023 (collectively, Town IGA). The Town IGA sets forth covenants and mutual agreements regarding the operation and services the District may provide, limitations of District to include but not limited to debt, fees, and mill levies.

**Intergovernmental Agreement – Financing Public Improvements**

The District and District No. 2 entered into an Intergovernmental Agreement regarding the Financing of Public Improvements on March 25, 2024 (FPI). The FPI sets forth the terms and limitations regarding the Maximum Mill Levy and District No. 2 Pledge Cap relating to the 2024 Bond Issuance.

**Capital Pledge Agreement**

On May 1, 2024, the Ledge Rock Center Residential Metropolitan District No. 1 (the “Issuing District”) entered into two separate pledge agreements with Ledge Rock Center Residential Metropolitan District No. 2 (“District No. 2”) and UMB Bank, N.A., as trustee, to facilitate the financing of public improvements within the Districts.

Under the Senior Capital Pledge Agreement, the Issuing District issued Limited Tax General Obligation Bonds, Series 2024A, in the principal amount of \$13,150,000, secured by ad valorem property taxes and other pledged revenues of both Districts. District No. 2 pledged certain revenues, including property taxes and PILOT (payment in lieu of taxes) revenues, to support its share of the debt service. The repayment obligation of District No. 2 is expressly limited to \$4,967,000 in principal, plus interest, as defined in the agreement and corresponding service plans.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 AGREEMENTS (CONTINUED)**

**Capital Pledge Agreement (Continued)**

In conjunction with the senior bonds, the Issuing District also issued Subordinate Limited Tax General Obligation Bonds, Series 2024B, in the principal amount of \$1,805,000, pursuant to the Subordinate Capital Pledge Agreement. District No. 2 pledged subordinate revenues, including a subordinate mill levy, specific ownership taxes, and subordinate PILOT revenues, to support its portion of the subordinate debt. The subordinate pledge is also subject to the same \$4,967,000 cap on District No. 2's aggregate repayment obligation across both senior and subordinate debt instruments.

**Improvement Acquisition Agreement**

The District has approved an Improvement Acquisition Agreement, with an effective date of December 14, 2021 ("IAA") with the Developer, setting forth the rights, obligations and procedures for the acquisition of Public Improvements from the Developer and for the reimbursement by the District to the Developer of costs related to Public Improvements.

**NOTE 8 RELATED PARTY**

A majority of the members of the Board of Directors are employees, officers, or are otherwise associated with the Developer and/or Carson Development Inc., and may have conflicts of interest in dealing with the District. The Board of Directors believes that all potential conflicts, if any, have been disclosed.

**NOTE 9 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 10 INTERFUND TRANSFERS**

The transfer from the Capital Projects Fund to the Debt Service Fund was related to the closing of the cost of issuance account from the Series 2024 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.

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1**  
**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 RESTATEMENTS**

The District restated the beginning balance of net position (government-wide) by \$25,932 to include accrued interest related to the capital developer advance incurred during the year ended December 31, 2023 (Note 5).

The District restated Capital Assets due to the recognition of Developer funded certified costs in 2023 in the amount of \$258,051. This restatement did not change the beginning balances of net position or fund balance.

**NOTE 13 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, except Enterprises.

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.

On November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any currently levied taxes and fees of the District without regard to any limitation under TABOR.

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 benefit increases.

The District's management has taken steps it believes are necessary to comply 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**

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 475	\$ 475	\$ 475	\$ -
Specific Ownership Taxes	19	19	17	(2)
Other Revenue	-	19,999	-	(19,999)
Interest Income	-	-	119,362	119,362
Intergovernmental Revenues	-	7	-	(7)
Total Revenues	<u>494</u>	<u>20,500</u>	<u>119,854</u>	<u>99,354</u>
<b>EXPENDITURES</b>				
County Treasurer's Fee	7	7	7	-
Paying Agent Fees	-	-	4,000	(4,000)
Bond Interest	-	500,000	458,743	41,257
Contingency	-	20,493	-	20,493
Total Expenditures	<u>7</u>	<u>520,500</u>	<u>462,750</u>	<u>57,750</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	487	(500,000)	(342,896)	157,104
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	-	3,759,663	3,740,165	(19,498)
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,759,663</u>	<u>3,740,165</u>	<u>(19,498)</u>
<b>NET CHANGE IN FUND BALANCE</b>	487	3,259,663	3,397,269	137,606
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 487</u>	<u>\$ 3,259,663</u>	<u>\$ 3,397,269</u>	<u>\$ 137,606</u>

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Income	\$ -	\$ 50,000	\$ 116,960	\$ 66,960
Total Revenues	<u>-</u>	<u>50,000</u>	<u>116,960</u>	<u>66,960</u>
<b>EXPENDITURES</b>				
Accounting	-	10,000	7,419	2,581
Engineering	-	20,000	15,706	4,294
Legal	-	35,000	16,166	18,834
Capital Outlay	15,000,000	8,000,000	5,093,792	2,906,208
Intergovernmental Expenditures	-	3,298,000	3,492,392	(194,392)
Bond Issue Costs	-	1,100,000	704,420	395,580
Contingency	-	740,337	-	740,337
Total Expenditures	<u>15,000,000</u>	<u>13,203,337</u>	<u>9,329,895</u>	<u>3,873,442</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(15,000,000)	(13,153,337)	(9,212,935)	3,940,402
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	15,250,000	-	(15,250,000)
Bond Issuance Proceeds - Series 2024A	-	-	13,150,000	13,150,000
Bond Issuance Proceeds - Series 2024B	-	-	1,805,000	1,805,000
Developer Advance	15,000,000	8,065,000	5,154,134	(2,910,866)
Repay Developer Advance	-	(6,402,000)	(4,422,701)	1,979,299
Transfers To Other Fund	-	(3,759,663)	(3,736,165)	23,498
Total Other Financing Sources (Uses)	<u>15,000,000</u>	<u>13,153,337</u>	<u>11,950,268</u>	<u>(1,203,069)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	2,737,333	2,737,333
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>(2,713)</u>	<u>(2,713)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,734,620</u>	<u>\$ 2,734,620</u>

## **OTHER INFORMATION**

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2024**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	\$13,150,000 General Obligation Bonds Series 2024A, Dated May 14, 2024 Interest Rate Fixed 6.375% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2025	\$ -	\$ 838,313	\$ 838,313
2026	-	838,313	838,313
2027	-	838,313	838,313
2028	-	838,313	838,313
2029	-	838,313	838,313
2030	120,000	838,313	958,313
2031	130,000	830,663	960,663
2032	155,000	822,375	977,375
2033	165,000	812,494	977,494
2034	195,000	801,975	996,975
2035	210,000	789,544	999,544
2036	240,000	776,156	1,016,156
2037	255,000	760,856	1,015,856
2038	295,000	744,600	1,039,600
2039	310,000	725,794	1,035,794
2040	355,000	706,031	1,061,031
2041	375,000	683,400	1,058,400
2042	420,000	659,494	1,079,494
2043	445,000	632,719	1,077,719
2044	500,000	604,350	1,104,350
2045	530,000	572,475	1,102,475
2046	585,000	538,688	1,123,688
2047	625,000	501,394	1,126,394
2048	685,000	461,550	1,146,550
2049	730,000	417,881	1,147,881
2050	800,000	371,344	1,171,344
2051	850,000	320,344	1,170,344
2052	925,000	266,156	1,191,156
2053	985,000	207,188	1,192,188
2054	2,265,000	144,394	2,409,394
Total	\$ 13,150,000	\$ 19,181,743	\$ 32,331,743

**LEDGE ROCK CENTER RESIDENTIAL METROPOLITAN DISTRICT NO. 1  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2022/2023	\$ 12,710	0.0%	0.000	0.000	0.000	\$ -	\$ -	- %
2023/2024	11,880	93.5%	10.000	40.000	50.000	594	594	100.00 %
Estimated for Year Ending December 31, 2025	\$ 1,458,410	12276.2%	10.656	42.627	53.283	\$ 77,709	\$ -	

Note:  
Property taxes collected in any one year include collection of delinquent property taxes levied in prior  
Information received from the Treasurer does not permit identification of specific year of levy.  
Source: Weld County Assessor and Treasurer.