

**LORETTO HEIGHTS COMMUNITY  
AUTHORITY**  
City and County of Denver, Colorado

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
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>20</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>21</b>
<b>ANNUAL DISCLOSURE - UNAUDITED</b>	
<b>HISTORY OF ASSESSED VALUATIONS OF THE TAXING DISTRICTS</b>	<b>23</b>
<b>HISTORY OF MILL LEVIES</b>	<b>24</b>
<b>PROPERTY TAX COLLECTION IN THE TAXING DISTRICTS</b>	<b>25</b>
<b>OWNER OF PROPERTY WITHIN THE TAXING DISTRICTS</b>	<b>26</b>
<b>ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT</b>	<b>27</b>



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City and County of Denver, Colorado

Independent Auditor's Report

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 (GAAP), 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 Authority'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 GAAS 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 GAAS, 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 Authority'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 Authority'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 Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 Authority's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

### Annual Disclosure Information

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

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

*Wipfli LLP*  
Wipfli LLP  
Denver, Colorado

July 29, 2025

## **BASIC FINANCIAL STATEMENTS**

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 18,097,151
Accounts Receivable	100,455
Due from Other Districts	3,802
Total Assets	18,201,408
 <b>LIABILITIES</b>	
Due to other districts LHMD1	1,258,168
Noncurrent Liabilities:	
Due in More Than One Year	52,042,474
Total Liabilities	53,300,642
 <b>NET POSITION</b>	
Unrestricted	(35,099,234)
Total Net Position	\$ (35,099,234)

See accompanying Notes to Basic Financial Statements.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
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	\$ 3,298,859	\$ -	\$ 309,009	\$ -	\$ (2,989,850)
Interest on Long-Term Debt and Related Costs	2,435,921	-	-	-	(2,435,921)
Total Governmental Activities	\$ 5,734,780	\$ -	\$ 309,009	\$ -	(5,425,771)
<b>GENERAL REVENUES</b>					
					138,935
					953,008
					1,091,943
<b>CHANGES IN NET POSITION</b>					(4,333,828)
					(30,765,406)
					\$ (35,099,234)

See accompanying Notes to Basic Financial Statements.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments - Restricted	\$ -	\$ 51,642	\$ 18,045,509	\$ 18,097,151
Accounts Receivable	-	100,455	-	100,455
Due from LHMD2	-	369	-	369
Due from LHMD3	-	2,223	-	2,223
Due from LHMD4	-	1,210	-	1,210
	<u>\$ -</u>	<u>\$ 155,899</u>	<u>\$ 18,045,509</u>	<u>\$ 18,201,408</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other districts LHMD1	\$ -	\$ 4,120	\$ 1,254,048	\$ 1,258,168
Total Liabilities	-	4,120	1,254,048	1,258,168
<b>FUND BALANCES</b>				
Restricted for:				
Debt Service	-	151,779	-	151,779
Capital Projects	-	-	16,791,461	16,791,461
Total Fund Balances	<u>-</u>	<u>151,779</u>	<u>16,791,461</u>	<u>16,943,240</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 155,899</u>	<u>\$ 18,045,509</u>	

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

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	(44,695,000)
Accrued Bond Interest	<u>(7,347,474)</u>

Net Position of Governmental Activities	<u>\$ (35,099,234)</u>
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**LORETTO HEIGHTS COMMUNITY AUTHORITY  
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>				
Interest Income	\$ -	\$ 8,129	\$ 944,879	\$ 953,008
PILOT Revenue	-	138,935	-	138,935
IGA Revenue LHMD2	-	55,736	-	55,736
IGA Revenue LHMD3	-	104,534	-	104,534
IGA Revenue LHMD4	-	148,739	-	148,739
Total Revenues	<u>-</u>	<u>456,073</u>	<u>944,879</u>	<u>1,400,952</u>
<b>EXPENDITURES</b>				
Current:				
IGA Expenditures LHMD1	-	-	3,298,859	3,298,859
Debt Service:				
Bond Interest	-	300,000	-	300,000
Paying Agent Fees	-	4,000	-	4,000
Total Expenditures	<u>-</u>	<u>304,000</u>	<u>3,298,859</u>	<u>3,602,859</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	152,073	(2,353,980)	(2,201,907)
Fund Balances (Deficit) - Beginning of Year	<u>-</u>	<u>(294)</u>	<u>19,145,441</u>	<u>19,145,147</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 151,779</u>	<u>\$ 16,791,461</u>	<u>\$ 16,943,240</u>

See accompanying Notes to Basic Financial Statements.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
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 \$ (2,201,907)

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

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 (2,131,921)

Changes in Net Position of Governmental Activities \$ (4,333,828)

*See accompanying Notes to Basic Financial Statements.*

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Orginal and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Loretto Heights Community Authority (the Authority), a quasi-municipal corporation and a political subdivision of the State of Colorado, formed pursuant to Sections 29-1-203 and 203.5, C.R.S., and the Loretto Heights Community Authority Establishment Agreement (the Establishment Agreement), dated May 19, 2021, entered into among the Loretto Heights Metropolitan District No. 1 (District No. 1), Loretto Heights Metropolitan District No. 2 (District No. 2), Loretto Heights Metropolitan District No. 3 (District No. 3), and Loretto Heights Metropolitan District No. 4 (District No. 4).

The Districts were established to provide financing for the design, acquisition, installation, financing, operating, maintaining, construction, and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation, and mosquito control improvements and services.

Under the Establishment Agreement, each District shall transfer certain revenues received by it to fund the cost of administrative services and to fund obligations issued by the Authority.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the Authority 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 Authority. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
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 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 Authority 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 Authority. The Authority has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The Authority reports the following major governmental funds:

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

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

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

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Budget**

In accordance with the State Budget Law, the Authority'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 Authority'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 the fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

The Authority 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.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the Authority'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.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Equity (Continued)**

**Fund Balance (Continued)**

*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 Authority’s practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments - Restricted	\$ 18,097,151
Total Cash and Investments	\$ 18,097,151

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

Deposits with Financial Institutions	\$ 18,045,509
Investments	51,642
Total Cash and Investments	\$ 18,097,151

**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 a carrying balance of \$18,045,509.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Investments**

The Authority has adopted an investment policy by which it follows state statutes regarding investments.

The Authority 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 Authority 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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities.
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ (51,642)
		<u>\$ (51,642)</u>

**COLOTRUST**

The Authority 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.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**COLOTRUST (Continued)**

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 is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Authority 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.

**NOTE 4 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
Genreal Obligation Bonds					
Series 2021	\$ 44,695,000	\$ -	\$ -	\$ 44,695,000	\$ -
Accrued Interest					
Series 2021	5,215,553	2,431,921	300,000	7,347,474	-
Subtotal Bonds Payable	<u>49,910,553</u>	<u>2,431,921</u>	<u>300,000</u>	<u>52,042,474</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$ 49,910,553</u>	 <u>\$ 2,431,921</u>	 <u>\$ 300,000</u>	 <u>\$ 52,042,474</u>	 <u>\$ -</u>

**LORETTO HEIGHTS COMMUNITY AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

The details of the Authority's general obligation bonds outstanding are as follows:

**Special Revenue Bonds, Series 2021(3) (the Bonds)**

**Bond Proceeds**

The Authority issued the Bonds on June 23, 2021, in the par amount of \$44,695,000. Proceeds from the sale of the Bonds were used to finance or reimburse a portion of the costs of public improvements to serve the Development and pay the costs of issuing the Bonds.

**Details of the Bonds**

The Bonds bear interest at the rate of 4.875% per annum and are payable to the extent of Pledged Revenue available annually on each December 1, commencing December 1, 2021, and mature on December 1, 2051. The Bonds are structured as "cash flow" bonds, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date. Instead, principal is payable on each December 1 from available Pledged Revenue, if any, pursuant to a mandatory redemption.

To the extent interest on any Bond is not paid when due, such interest shall compound annually on each interest payment date, at the rate then borne by the Bond. The Authority will not be obligated to pay more than the amount permitted by law and the electoral authorization of the Taxing Districts in repayment of the Bonds. In the event that any amount of principal or of interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefore on December 1, 2061, the Bonds shall be deemed to be paid in full on the Termination Date of December 2, 2061.

To provide for the payment of the Bonds, District No. 2, District No. 3, and District No. 4 (collectively, the Taxing Districts) have entered into separate capital pledge agreements with the Authority and the Trustee (collectively, the Capital Pledge Agreements). In accordance with the Capital Pledge Agreements, only taxable property within the Taxing Districts will generate the Pledged Revenue; provided, however, that certain PILOT Revenues are to be generated pursuant to the PILOT Covenant below with respect to any tax-exempt property within the Taxing Districts and are pledged to the repayment of the Bonds.

The Authority has no taxing power and does not anticipate raising any revenue other than through the Taxing Districts. The Authority plans to repay the Bonds using funds received from the Taxing Districts pursuant to the Capital Pledge Agreements.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Special Revenue Bonds, Series 2021(3) (the Bonds) (Continued)**

Pledged Revenue

The Bonds are special revenue obligations of the Authority secured by and payable from the Pledged Revenue, consisting generally of the moneys derived from the following sources: (a) the Property Tax Revenues of the Taxing Districts; (b) the Specific Ownership Tax Revenues of the Taxing Districts; (c) the PILOT (payment in lieu of taxes) Revenues; (d) the PIF (public improvement fee) Revenues; and (e) any other legally available moneys, which any Taxing District determines, in its absolute discretion, to transfer to the Trustee for credit to the Bond Fund under the Indenture and/or any Bond Fund under any Additional Obligations document.

Property Tax Revenues

Property Tax Revenues are all moneys derived from imposition by the Taxing Districts of the related Taxing District's Required Mill Levy, net of the costs of collection and net of any tax refunds or abatements authorized by or on behalf of the City and County of Denver.

Required Mill Levy

The Required Mill Levy for each Taxing District is generally equal to an ad valorem mill levy imposed upon all taxable property of the respective Taxing District each year of 50 mills, subject to adjustment for changes in law with respect to the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, on or after August 26, 2019.

Specific Ownership Tax Revenues

Specific ownership taxes mean amounts remitted to each of the Taxing Districts as a result of the respective Taxing District's imposition of its Required Mill Levy.

PILOT Revenues

PILOT Revenues means all revenues derived from any PILOT resulting from the imposition of the respective Taxing District's Required Mill Levy, including (i) any Pancretia Hall Revenue which is received pursuant to the PILOT Covenant recorded against that property; and /or (ii) other PILOT revenue collected as a result of an additional declaration of Payment in Lieu of Taxes and recorded it against all property in the Development (as amended, the PILOT Covenant).

In accordance with the PILOT Covenant, if the owner of any property within the Development becomes a Tax-Exempt Entity or receives a determination that its property is Tax-Exempt Property, such property owner is subject to the payment of fees in lieu of taxes. In accordance with the PILOT Covenant, the PILOTs will be equal to the sum of the "Payment in Lieu" and made on an annual basis. Payment in Lieu is generally defined as an annual amount equal to the revenue that would be derived from the imposition of the District Debt Service Mill Levy, (such as the Taxing Districts' Required Mill Levy), the District Regional Mill Levy, and the District Operations and Maintenance Mill Levy on that portion of the taxable real and personal property within the Development, were such owner not a Tax-Exempt Entity or were such property not Tax-Exempt Property.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Special Revenue Bonds, Series 2021(3) (the Bonds) (Continued)**

PILOT Revenues (Continued)

Only that portion of the PILOT (if any) relating to the annual amount equal to the revenue that would be derived from the imposition of the District Debt Service Mill Levy (such as the Taxing Districts' Required Mill Levy) is pledged under the Capital Pledge Agreements and the Indenture to secure repayment of the Bonds.

In accordance with the PILOT Covenant, Pancratia LLC is also required to pay an annual fee payable by June 1st of each year to the Authority, for a period commencing January 1, 2022, and expiring on December 31, 2047, in the amount of \$37,000, such amount to escalate by 4% every other year (the Pancratia Hall Revenues); the Pancratia Hall Revenues are pledged pursuant to the Capital Pledge Agreements and the Indenture to secure repayment of the Bonds.

PILOT IGA

Effective August 14, 2024, the Authority, Loretto Heights Metropolitan District Nos. 1-4, ACM Loretto VI LLC, and the City entered into that certain Intergovernmental Agreement Regarding PILOT (PILOT IGA). Pursuant to the PILOT IGA, the Authority, the Districts and the Developer agreed to take certain actions to modify the Amended and Restated Declaration of Payment in Lieu of Taxes recorded in the real property records of the City at Reception No. 2021116713 (PILOT Covenant) to exempt certain property purchased by the City from the payment obligations under the PILOT Covenant.

PIF Revenues

The Developer executed a Declaration of Covenants Imposing and Implementing the ACM Loretto VI, LLC Sales Add On Public Improvement Fee and recorded it against all property in the Development (as amended, the PIF Covenant). In accordance with the PIF Covenant, a public improvement fee is imposed on all property within the Development in the amount of 2% on all Taxable Sales made from or within property in the Development (PIF Revenues). In accordance with the Indenture and Capital Pledge Agreements, the PIF Revenues comprise a portion of the Pledged Revenue.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Special Revenue Bonds, Series 2021(3) (the Bonds) (Continued)**

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Authority, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption	Redemption Premium
June 1, 2026 to May 31, 2027	3%
June 1, 2027 to May 31, 2028	2%
June 1, 2028 to May 31, 2029	1%
June 1, 2029 and Thereafter	-

Because of the uncertainty of the timing of the principal and interest payments on the Series 2021(3) Bonds, no schedule of principal and interest payments is presented.

**Events of Default**

The following are Events of Default, which if not remedied, could allow the Trustee to enforce all rights of the holders of the 2021(3) Bonds and bring suit upon the 2021(3) Bonds:

- a. Failure to apply or to deposit Pledged Revenues with the Trustee as required by the Indenture.
- b. The Authority defaults in the performance or observance of any covenants, agreements, or conditions of the Indenture or the Bond Resolution, and
- c. The Authority files a petition under an applicable bankruptcy law seeking to adjust the obligation represented by the Bonds.

The failure to pay the principal of or the interest on the Bonds when due or to cause the 2021(3) Bond Reserve Fund to be replenished shall not, in and of itself, constitute an Event of Default under the 2021(3) Indenture if the reason of such failure is an insufficiency of Pledged Revenues.

**Authorized Debt**

At elections held on November 5, 2019, each District's respective eligible electors authorized each District to enter into intergovernmental agreements to share such revenue to fund public improvements. Pursuant to this electoral authority, On June 23, 2021, District No. 2, District No. 3, and District No. 4 entered into individual Pledge Agreements with the Authority (discussed above), pursuant to which each District agreed to pledge certain revenues to the Authority pursuant to the intergovernmental provisions of Sections 29-1-203 and -203.5, C.R.S, as described in the Pledge Agreements, and committed to impose a mill levy annually that does not exceed Service Plan limits for a debt mill levy, to repay debt to be issued by the Authority in a principal amount that does not exceed the Pledge Obligation.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 NET POSITION**

The Authority has net position consisting of one component – unrestricted.

The Authority has a deficit in unrestricted net position. This deficit is a result of the Authority being responsible for the repayment of debt obligations issued for public improvements, which were conveyed to other entities.

**NOTE 6 RELATED PARTIES**

All of the members of the Board of Directors of the Authority are employees, owners, or are otherwise associated with ACM Loretto VI, LLC or Westside Investment Partners, Inc. (the Developer), and may have conflicts of interest in dealing with the Authority. Management believes that all potential conflicts of interest, if any, have been disclosed by the Board.

Project Management Intergovernmental Agreement

On May 25, 2021, the Authority and District No. 1 entered into a Project Management Intergovernmental Agreement (Project Management IGA), providing that the District No. 1, as the “Management District,” shall coordinate, administer, and oversee: (i) the preparation of all budgets, schedules, contracts, and other documents pertaining to the Public Improvements; and (ii) the planning, design, engineering, testing, construction, and installation for the Public Improvements on behalf of the Authority and District Nos. 2-4. As the Management District, District No. 1 has and will continue to engage engineers, surveyors, and other consultants and construction contractors to facilitate the development of the Public Improvements. The Authority, under the Project Management IGA, was anticipated to issue bonds to fund the Public Improvements, which bonds may be payable from revenues pledged to it by District Nos. 2-4 (see discussion above).

**NOTE 7 RISK MANAGEMENT**

The Authority 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 Authority 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.

The Authority 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.

**LORETTO HEIGHTS COMMUNITY AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATION**

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.

The Authority'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**

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Orginal and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Interest Income	\$ 16,000	\$ 8,129	\$ (7,871)
Other Revenue	3,030	-	(3,030)
PILOT Revenue	38,480	138,935	100,455
IGA Revenue LHMD2	56,154	55,736	(418)
IGA Revenue LHMD3	344,449	104,534	(239,915)
IGA Revenue LHMD4	146,887	148,739	1,852
Total Revenues	<u>605,000</u>	<u>456,073</u>	<u>(148,927)</u>
<b>EXPENDITURES</b>			
Paying Agent Fees	4,120	4,000	120
Bond Interest	597,850	300,000	297,850
Contingency	3,030	-	3,030
Total Expenditures	<u>605,000</u>	<u>304,000</u>	<u>301,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	152,073	152,073
Fund Balances (Deficit) - Beginning of Year	<u>-</u>	<u>(294)</u>	<u>(294)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 151,779</u></u>	<u><u>\$ 151,779</u></u>

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Orginal and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Interest Income	\$ 377,479	\$ 944,879	\$ 567,400
Total Revenues	<u>377,479</u>	<u>944,879</u>	<u>567,400</u>
<b>EXPENDITURES</b>			
IGA Expenditures LHMD1	20,242,000	3,298,859	16,943,141
Total Expenditures	<u>20,242,000</u>	<u>3,298,859</u>	<u>16,943,141</u>
<b>NET CHANGE IN FUND BALANCE</b>	(19,864,521)	(2,353,980)	17,510,541
Fund Balance - Beginning of Year	<u>39,729,042</u>	<u>19,145,441</u>	<u>(20,583,601)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 19,864,521</u>	<u>\$ 16,791,461</u>	<u>\$ (3,073,060)</u>

**ANNUAL DISCLOSURE - UNAUDITED**

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
ANNUAL DISCLOSURE  
HISTORY OF ASSESSED VALUATIONS OF THE TAXING DISTRICTS**

Levy/Collection Year	Assessed Value No. 2	Assessed Value No. 3	Assessed Value No. 4	Assessed Value Total	Percentage Change
2020/2021	30	30	30	90	0%
2021/2022	487,440	2,135,720	1,868,980	4,492,140	4991167 %
2022/2023	420,220	1,638,390	1,500,020	3,558,630	(21)%
2023/2024	1,032,460	6,339,190	2,707,460	10,079,110	183 %

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
ANNUAL DISCLOSURE  
HISTORY OF MILL LEVIES**

Levy/Collection Year	Mill Levy District No. 2	Mill Levy District No. 3	Mill Levy District No. 4
2020/2021	60.000	0.000	0.000
2021/2022	65.000	65.000	65.000
2022/2023	65.000	65.000	65.000
2023/2024	67.562	67.918	67.562

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
ANNUAL DISCLOSURE  
PROPERTY TAX COLLECTION IN THE TAXING DISTRICTS**

Levy/Collection Year	Taxes Levied District No. 2	Current Tax Collections*	Taxes Levied Districts No. 1,3,4,5	Current Tax Collections*
2020/2021	2	2	-	-
2021/2022	31,684	138,822	121,484	283,280
2022/2023	27,314	27,312	204,155	204,022
2023/2024	69,755	69,755	613,540	300,717

\* The Denver Treasurer's collection fees have not been deducted from these amounts.  
Figures do not include interest, fees, and penalties.

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
ANNUAL DISCLOSURE  
OWNERS OF PROPERTY WITHIN THE TAXING DISTRICTS**

Taxpayer Name	2023 Assessed Valuation				Property Tax Collections
	District No. 2	District No. 3	District No. 4	Total	
ACM Loretto VI	\$ 30	\$ 2,739,220	\$ 30	\$ 2,739,280	27%
City and County of Denver	-	1,861,640	25,730	1,887,370	19%
Coca Cola The Company Inc	-	150	-	150	0%
CSC Serviceworks Inc	-	3,830	-	3,830	0%
GPAI Loretto LLC	932,150	-	-	932,150	9%
Loretto CLT LLC	-	898,380	-	898,380	9%
Loretto LLC	-	409,430	-	409,430	4%
MHMP 20 Loretto LLP	99,460	-	155,850	255,310	3%
Public Service of Colorado	820	-	5,110	5,930	0%
THB Loretto Land LLC	-	-	2,413,190	2,413,190	24%
THB Loretto MF LLC	-	-	107,100	107,100	1%
TRG Loretto Owner LLC	-	426,540	-	426,540	4%
Williams Scotsman Inc	-	-	450	450	0%
<b>Total</b>	<b>\$ 1,032,460</b>	<b>\$ 6,339,190</b>	<b>\$ 2,707,460</b>	<b>\$ 10,079,110</b>	<b>100%</b>

**LORETTO HEIGHTS COMMUNITY AUTHORITY  
ANNUAL DISCLOSURE  
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT**

<u>Property Class</u>	<u>Assessed Value No. 2</u>	<u>Assessed Value No. 3</u>	<u>Assessed Value No. 4</u>	<u>Percentage of Actual Valuation</u>
Valuation Year - 2023, Budget Year - 2024				
Vacant Land	\$ 1,031,640	\$ 1,025,440	\$ 2,701,900	47.22%
Commercial	-	5,309,770	-	52.68%
Personal Property	<u>820</u>	<u>3,980</u>	<u>5,560</u>	<u>0.10%</u>
Total	<u>\$ 1,032,460</u>	<u>\$ 6,339,190</u>	<u>\$ 2,707,460</u>	<u>100%</u>