Lakota Pointe Metropolitan District No. 1

Financial Statements

December 31, 2025

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Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Government-wide Financial Statements:	
Statement of Net Position	B1
Statement of Activities	B2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C4
Notes to the Financial Statements	D1 – D17
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds:	
General Fund	E1
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds:	
Debt Service Fund	F1
Capital Projects Fund	F2

M & A

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakota Pointe Metropolitan District No. 1
Winter Park, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakota Pointe Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2025, 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, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. 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 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 U.S. 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 U.S. 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section E be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. The budgetary comparison information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. It 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 U.S. GAAS. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Lakota Pointe Metropolitan District No. 1
Winter Park, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons found in Section F are the responsibility of management and were derived from and relate 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
September 29, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Lakota Pointe Metropolitan District No. 1
Statement of Net Position
December 31, 2025

Assets:	
Cash and equivalents - Unrestricted	32,929
Cash and equivalents - Restricted	1,715,096
Property taxes receivable	32,671
Due from developer	105,953
Prepaid expenses	2,556
Capital assets, net	4,596,360
Total Assets	6,485,565
Liabilities:	
Accounts payable	392,034
Accrued interest payable	316,352
Non-current liabilities due in less than one year:	
Bonds payable	-
Non-current liabilities due in excess of one year:	
Bonds payable	5,685,000
Developer advances	1,269,249
Total Liabilities	7,662,635
Deferred Inflows of Resources:	
Property tax revenue	32,671
Total Deferred Inflows of Resources	32,671
Net Position:	
Net investment in capital assets	(1,977,707)
Restricted for debt service	958,136
Restricted for capital projects	392,753
Restricted for emergencies	5,107
Unrestricted	(588,030)
Total Net Position	(1,209,741)

The accompanying notes are an integral part of these financial statements.

Lakota Pointe Metropolitan District No. 1
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Functions/Programs:					
Governmental activities:					
General government	532,831	-	-	-	(532,831)
Interest on long-term debt	408,713	-	-	-	(408,713)
Total primary government	941,544	-	-	-	(941,544)
General revenues:					
Interest income					71,354
Total General Revenues					71,354
Change in Net Position					(870,190)
Net Position - Beginning, as previously presented					(339,551)
Error Correction					134,131
Error Correction					(134,131)
Net Position - Beginning, as restated					(339,551)
Net Position - Ending					(1,209,741)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Lakota Pointe Metropolitan District No. 1
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Cash and equivalents - Unrestricted	32,929	-	-	32,929
Cash and equivalents - Restricted	-	1,053,666	661,430	1,715,096
Due from developer	40,456	-	65,497	105,953
Property taxes receivable	5,445	27,226	-	32,671
Prepaid expenditures	2,556	-	-	2,556
Total Assets	81,386	1,080,892	726,927	1,889,205
Liabilities:				
Accounts payable	57,860	-	334,174	392,034
Total Liabilities	57,860	-	334,174	392,034
Deferred Inflows of Resources:				
Unavailable property tax revenue	5,445	27,226	-	32,671
Total Deferred Inflows of Resources	5,445	27,226	-	32,671
Fund Balances:				
Nonspendable	2,556	-	-	2,556
Restricted for debt service	-	1,053,666	-	1,053,666
Restricted for capital projects	-	-	392,753	392,753
Restricted for emergencies	5,107	-	-	5,107
Unassigned	10,418	-	-	10,418
Total Fund Balances	18,081	1,053,666	392,753	1,464,500
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	81,386	1,080,892	726,927	1,889,205

The accompanying notes are an integral part of these financial statements.

Lakota Pointe Metropolitan District No. 1
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		1,464,500
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Capital assets	4,596,360	
		4,596,360
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:		
Bonds payable	(5,685,000)	
Developer advances	(1,269,249)	
Accrued interest payable	(316,352)	
		(7,270,601)
Net Position of Governmental Activities		(1,209,741)

The accompanying notes are an integral part of these financial statements.

Lakota Pointe Metropolitan District No. 1
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Interest income	-	30,312	41,042	71,354
Total Revenues	-	30,312	41,042	71,354
Expenditures:				
General government	170,231	-	-	170,231
Debt service:				
Developer repayments	-	-	2,023,761	2,023,761
Interest payments	-	178,500	-	178,500
Cost of issuance	-	362,600	-	362,600
Capital outlay	-	-	2,968,710	2,968,710
Total Expenditures	170,231	541,100	4,992,471	5,703,802
Excess (Deficiency) of Revenues over Expenditures	(170,231)	(510,788)	(4,951,429)	(5,632,448)
Other Financing Sources (Uses):				
Bond issuance	-	5,685,000	-	5,685,000
Developer advances	165,360	-	1,250,995	1,416,355
Transfers in	3,672	-	4,116,874	4,120,546
Transfers (out)	-	(4,120,546)	-	(4,120,546)
Total Other Financing Sources (Uses)	169,032	1,564,454	5,367,869	7,101,355
Net Change in Fund Balances	(1,199)	1,053,666	416,440	1,468,907
Fund Balances - Beginning, as previously presented	19,280	-	110,444	129,724
Error Correction	-	-	(134,131)	(134,131)
Fund Balances - Beginning, as restated	19,280	-	(23,687)	(4,407)
Fund Balances - Ending	18,081	1,053,666	392,753	1,464,500

The accompanying notes are an integral part of these financial statements.

Lakota Pointe Metropolitan District No. 1
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances for total governmental funds		1,468,907
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:		
Capital additions	2,968,710	
		2,968,710
The issuance and repayment of the principal of long-term debt provides or consumes current resources of governmental funds. This transaction, however, has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt repayments.		
Principal payments - Developer advances	2,023,761	
Bond proceeds	(5,685,000)	
Developer advances	(1,416,355)	
		(5,077,594)
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 the governmental funds.		
Accrued interest	(230,213)	
		(230,213)
Change in Net Position of Governmental Activities		(870,190)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Lakota Pointe Metropolitan District No. 1 (District) is a metropolitan district formed pursuant to Title 32, Article 1, Colorado Revised Statutes ("C.R.S."). The District was organized as Lakota Pointe Metropolitan District pursuant to an Order and Decree issued by the District Court for Grand County on November 21, 2021 and recorded on December 9, 2021. The District's name was changed from "Lakota Pointe Metropolitan District" to "Lakota Pointe Metropolitan District No. 1" pursuant to an Order of the District Court for the County issued on January 29, 2025 and recorded on February 18, 2025. The District currently operates under a Consolidated First Amended and Restated Service Plan for the Lakota Pointe Metropolitan District Nos. 1-2, approved by the Town Council of the Town of Winter Park, Colorado on May 21, 2024. The District's creation and the issuance of the Bonds were approved by the District's electors at an election held on November 2, 2021. The District has no employees; all operational and administrative functions are performed under contract.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government, that is, the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for a legally separate organization if it can appoint a voting majority of the organization's governing body and either can impose its will on the organization or the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on, the District. Consideration is also given to organizations that are fiscally dependent on the District because they cannot adopt a budget, levy taxes, or issue debt without the District's approval. Organizations are also included when the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, 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* accounts for revenues that are required to be used for capital projects.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at amortized cost. The change in fair value or amortized cost of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2025.

3. Prepaid Expenses

Prepaid expenses represent costs incurred in advance for goods or services that will be consumed or utilized in future periods. These amounts are recorded as assets at the time of payment and are subsequently expensed over the period in which the related benefits are received.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

5. Capital Assets

Capital assets, which include construction in progress, land, buildings, equipment, vehicles, and infrastructure assets, are reported in the governmental activity columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Roads	40
Parks and recreation	25
Potable Water	5-40
Sewer and Storm Sewer	5-40

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items to report under this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

7. Long-term Obligations

The District's long-term obligations consist of outstanding bonds and developer advances. These obligations are reported in the government-wide financial statements at their principal amounts, net of any applicable bond discounts or premiums, which are amortized over the lives of the related obligations using the effective interest method.

Bonds payable – represent limited tax general obligation bonds issued to finance infrastructure and capital improvements. Interest on bonds is recognized as an expense when incurred, and principal payments are made in accordance with the debt service schedule.

Developer advances - represent funds provided by developers for initial infrastructure and operational costs. These advances bear interest at rates specified in agreements between the District and developers. Repayment of advances is contingent upon the availability of certain future revenues.

Debt issuance costs, excluding prepaid bond insurance, are expensed as incurred in accordance with applicable accounting standards. The bond discount is reported as a reduction of the face amount of the bonds payable and is amortized over the life of the bonds using the effective interest method.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to Board of Directors.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

(1) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
(2) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
(3) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.

After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025, and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1 of the collection year; however, they may be paid in either one installment, no later than April 30, or two equal installments, no later than February 28 and June 15, without interest or penalty. Taxes not paid within the prescribed period bear interest at the rate of 1% per month until paid. Unpaid amounts and accrued interest become delinquent on June 15.

The legal level of budgetary control, at which expenditure may not exceed appropriations, is the fund level. All appropriations lapse at year end.

The District's Debt Service Fund exceeded appropriations for the year ended December 31, 2025. This may be a violation of State Statute.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment & Statutory Mill Levy Limitation Exemption

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $5,107, which is the approximate required reserve, at December 31, 2025.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Pursuant to C.R.S. 29-1-1702 and 29-1-1704 the District has a limitation on annual property tax revenue growth, commonly referred to as the 5.25% limit. This limitation generally restricts annual increases in property tax revenues to no more than 5.25% over the prior year, exclusive of revenues attributable to new construction, annexation, or valuation changes resulting from reassessment.

Pursuant to these statutes, local governments may be exempt from the 5.25% limitation upon approval by the electorate. Once approved, the exemption allows the local government to levy property taxes without regard to the statutory revenue growth limitation in future years, unless otherwise restricted by voter authorization.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment & Statutory Mill Levy Limitation Exemption (continued)

On May 6, 2025, the District's electorate approved the following:

SHALL LAKOTA POINTE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND ANY AND ALL AMOUNTS ANNUALLY FROM ANY REVENUE SOURCES WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, ALL TAXES, TAX INCREMENT REVENUES, TAP FEES, SYSTEM DEVELOPMENT FEES, PUBLIC IMPROVEMENT FEES, FACILITY FEES, DEVELOPMENT FEES, IMPACT FEES, RENTAL INCOME, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS, OR ANY OTHER FEE, RATE, TOLL, PENALTY, INCOME, OR CHARGE IMPOSED, COLLECTED, RECEIVED, OR AUTHORIZED BY LAW TO BE IMPOSED, COLLECTED, RECEIVED, OR COLLECTED BY THE DISTRICT, DURING 2025 AND EACH YEAR THEREAFTER AND SHALL SUCH REVENUES BE COLLECTED, RETAINED, AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, SECTIONS 29-1-301 OR 29-1-1702, COLORADO REVISED STATUTES IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED, AND SPENT BY THE DISTRICT?

On May 6, 2025, the District's electorate approved the following:

SHALL LAKOTA POINTE METROPOLITAN DISTRICT NO. 1 WAIVE THE 5.25% PROPERTY TAX LIMIT FOR ALL FUTURE PROPERTY TAX YEARS AS PROVIDED FOR IN SECTION 29-1-1704, COLORADO REVISED STATUTES?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

II. Stewardship, Compliance, and Accountability (continued)

C. Authorized and Unissued Debt

Pursuant to C.R.S. 32-1-1101(2) a District is only authorized to issue bonds for a period up to twenty years following the date of the election at which such bonds were authorized by the District's voters. The District voters authorized the following, in aggregate, between the November 21, 2021 and May 6, 2025 elections:

Purpose	Authorization
Street Improvements	22,000,000
Parks & Recreation	22,000,000
Water	22,000,000
Sanitation	22,000,000
Transportation	22,000,000
Mosquito Control	22,000,000
Safety Protection	22,000,000
Fire Protection	22,000,000
Television Relay and Translation	22,000,000
Security	22,000,000
Operations and Maintenance Debt	22,000,000
Refunding Debt	44,000,000
IGA Debt	22,000,000
Reimbursement Agreements	22,000,000
Construction Management Agreement	22,000,000
	352,000,000

Pursuant to the Amended and Restated Service Plan, the District is limited to $14,000,000 in debt. The District has $346,315,000 of authorized but unissued debt after the 2025 issuance, and $8,315,000 allowed under the Amended and Restated Service Plan.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $32,929 at year end.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

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

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity	
			Less than one year	More than one year
Deposits:				
Checking and savings	Not rated	32,929	32,929	-
Escrow	Not rated	466,001	466,001	-
Investments:				
Money market	AAAm	1,249,095	1,249,095	-
		1,748,025	1,748,025	-

At December 31, 2025, the District had the following recurring fair value measurements.

Investments Measured at Amortized Cost	Total
INVESCO TREAS-PERS	1,249,095
	1,249,095

The money market investment represents an investment in INVESCO TREAS-PERS (the "investment"). The amortized cost of the investment is determined by the investment's share price. The District has no regulatory oversight for the investment. At December 31, 2025, the investment represented 100% of the District's investment portfolio.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The District had the following restricted cash and equivalents as of December 31, 2025:

Project Fund	191,517
Surplus Fund	409,622
Bond Fund	647,956
Escrow	466,001
	1,715,096

B. Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	1,547,650	2,968,710	-	4,516,360
Land use rights	80,000	-	-	80,000
Total capital assets	1,627,650	2,968,710	-	4,596,360
Net Capital Assets	1,627,650	2,968,710	-	4,596,360

C. Long-term Obligations

1. Limited Tax General Obligation Bonds, Series 2025A

On April 3, 2025, the District issued $4,500,000 of Limited Tax General Obligation Bonds, Series 2025A (the 2025A Senior Bonds), pursuant to an Indenture of Trust (Senior) dated as of April 1, 2025, between the District and BOKF, NA, as trustee. The 2025A Senior Bonds were authorized by the District's electors at an election held on November 2, 2021. Proceeds were used to finance or reimburse public improvements, including the repayment of certain developer advances and accrued interest; fund $810,000 of capitalized interest in the Senior Bond Fund; make an initial deposit of $399,000 to the Senior Surplus Fund; and pay costs of issuance.

The 2025A Senior Bonds bear interest at 6.000%, payable semiannually on June 1 and December 1, commencing June 1, 2025, and mature as a single term bond on December 1, 2055, subject to mandatory sinking fund redemption each December 1 beginning December 1, 2031. The bonds are subject to optional redemption on or after June 1, 2030, at a premium of 3.00% declining to zero on and after June 1, 2033. The bonds were sold at par.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

1. Limited Tax General Obligation Bonds, Series 2025A (continued)

The 2025A Senior Bonds are limited tax general obligations payable solely from and to the extent of the Senior Pledged Revenue, consisting of property taxes derived from the Senior Required Mill Levy (not to exceed 50 mills, subject to adjustment, and equal to 50 mills while the Senior Surplus Fund is below the Senior Surplus Fund Requirement), the related specific ownership taxes, and other legally available moneys the District credits to the Senior Bond Fund. The bonds are additionally secured by capitalized interest and by the Senior Surplus Fund, which is to be funded up to $798,000 (reduced to the $399,000 initial deposit once the ratio of senior debt to assessed valuation is 50% or less). Interest not paid when due compounds semiannually. Any amount remaining unpaid after application of all Senior Pledged Revenue available on December 2, 2065 will be deemed discharged. The bonds are not obligations of the Town of Winter Park, Grand County, or the State of Colorado.

2. Subordinate Limited Tax General Obligation Bonds, Series 2025B

Also on April 3, 2025, the District issued $1,185,000 of Subordinate Limited Tax General Obligation Bonds, Series 2025B (the 2025B Subordinate Bonds), pursuant to an Indenture of Trust (Subordinate) dated as of April 1, 2025. The bonds bear interest at 8.250%, payable annually on December 15 to the extent of available Subordinate Pledged Revenue, and mature December 15, 2055. The bonds were sold at par, and proceeds were used to finance or reimburse public improvements and pay costs of issuance.

The 2025B Subordinate Bonds are cash flow bonds with no scheduled principal payments prior to maturity; principal is subject to mandatory redemption each December 15 to the extent of Subordinate Pledged Revenue, consisting of property taxes from the Subordinate Required Mill Levy (50 mills, subject to adjustment, less the Senior Required Mill Levy), related specific ownership taxes, and other legally available moneys credited to the Subordinate Bond Fund. The lien is subordinate in all respects to the 2025A Senior Bonds. Failure to pay principal or interest when scheduled is not, of itself, an event of default. Optional redemption terms are the same as the 2025A Senior Bonds. Any amount remaining unpaid after application of all Subordinate Pledged Revenue available on December 16, 2065 will be deemed discharged.

Interest on the 2025B Subordinate Bonds that is not paid when due compounds annually on each December 15. No interest was paid on December 15, 2025. As of December 31, 2025, accrued and compounded interest on the 2025B Subordinate Bonds totaled $73,030, which is reported as a long-term liability. Based on the District's financial forecast, the first payment of interest is projected in 2031 and the first payment of principal in 2047; there is no assurance that pledged revenue will be sufficient.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

3. Operating Advances

The District and the Developer entered into the Funding and Reimbursement Agreement for Operation Costs on January 24, 2023, as amended on December 11, 2023, and November 25, 2024. Advances under this agreement may not exceed $420,000 and were available to the District through December 31, 2025. The Subordinate Note issued under this agreement bears interest at 2% plus the Federal Reserve Bank prime rate, or 6%, whichever is greater, not to exceed 8%, and interest is compounded annually. The note matures on January 23, 2063. The District has no obligation to repay any outstanding balance remaining 40 years after the maturity date.

On November 24, 2025, the District and Lakota Pointe Winter Park LLC entered into an Amended and Restated Funding and Reimbursement Agreement (Operation Costs). Advances under this agreement may not exceed $550,000. The Subordinate Note issued under this agreement bears interest at 2% plus the current Federal Reserve Board Prime Rate or 6% whichever is greater, not to exceed 12% per annum, compounded annually. The District has no obligation to repay and outstanding balance remaining on January 23, 2063.

4. Capital Advances

The District and the Developer also entered into the Improvement, Acquisition, Advance and Reimbursement Agreement for costs related to capital improvements dated as of January 24, 2023, as amended on December 11, 2023 and on November 25, 2024. The amount of advances under this agreement will not exceed $8,000,000. Advance funds are available to the District through December 31, 2025. The Subordinate Note issued under this agreement bears interest at a rate of 2% plus the Federal Reserve Bank Prime Rate, or 6%, whichever is greater, not to exceed 8%, and is compounded annually. This note has a maturity date of January 23, 2063. The District has no obligation to repay any outstanding balances on the maturity date.

The District and Lakota Pointe Winter Park, LLC entered into an Amended and Restated Improvement Acquisition, Advance, and Reimbursement Agreement on November 24, 2025 for costs related to capital improvements. The amount of advances under this agreement shall not exceed $8,000,000. Advanced funds are available to the District through December 31, 2026. The Subordinate Note issued under this agreement bears interest at a rate of 2% plus the current Federal Reserve Board Prime Rate or 6% whichever is greater, not to exceed 12% per annum, compounded annually.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

5. Changes in Long-term Obligations

The District had the following changes in long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Series 2025A	-	4,500,000	-	4,500,000	-
Series 2025B	-	1,185,000	-	1,185,000	-
Total bonds payable:	-	5,685,000	-	5,685,000	-
Developer advances:					
Operating advances	214,822	165,360	-	380,182	-
Capital advances	1,661,833	1,250,995	(2,023,761)	889,067	-
Total developer advances:	1,876,655	1,416,355	(2,023,761)	1,269,249	-
Total	1,876,655	7,101,355	(2,023,761)	6,954,249	-

6. Annual Debt Service Requirements

Annual debt service requirements to maturity for the Series 2025A Bonds are as follows:

	Principal	Interest	Total
2026	-	270,000	270,000
2027	-	270,000	270,000
2028	-	270,000	270,000
2029	-	270,000	270,000
2030	-	270,000	270,000
2031 - 2035	280,000	1,320,900	1,600,900
2036 - 2040	475,000	1,214,100	1,689,100
2041 - 2045	730,000	1,043,400	1,773,400
2046 - 2050	1,075,000	785,400	1,860,400
2051 - 2055	1,940,000	409,500	2,349,500
Total	4,500,000	6,123,300	10,623,300

No amortization schedule is provided for the Series 2025B Subordinate Bonds as future payments are based on available cash flows.

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials' liability, property, general liability, and automobile liability coverage. The District may be required to make additional contributions if aggregate losses incurred by the Pool exceed amounts recoverable under reinsurance contracts. Any excess funds that the Pool determines are not needed for its purposes may be returned to members pursuant to a distribution formula. Settled claims are not expected to exceed coverage. A summary of the Pool's audited statutory-basis financial information can be found here: https://www.csdpool.org/financials

B. Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2025.

C. Related Parties

The members of the Board of Directors own the Developer, Lakota Pointe Winter Park, LLC (LPWP). During the year ended December 31, 2025, LPWP advanced the District $165,360 in operating funds and $1,250,995 in capital funds and received reimbursement of $2,023,761 of capital funds.

As required by Colorado statute, the Board members filed conflict of interest statements with the Secretary of State's Office and announce potential conflicts of interest at the start of each Board meeting.

V. Contracts and Commitments

As of December 31, 2025, the District had the following commitments:

Project	Vendor	Contract Commitment	Completed	Retainage	Remaining
Storm Crossing	Evergreen Excavating Co	2,294,468	(1,854,279)	(92,714)	440,189
LPMD	HMP, Inc	1,014,483	(901,616)	(45,080)	112,867

VI. Restatement of Net Position and Fund Balance

The beginning net position and fund balance have been restated to reflect an error on the capital projects fund with the escrow account, which caused capital assets to be under reported in 2024 on the government wide level. The net effect to the capital project fund is a reduction in beginning fund balance of $134,131. The net effect of the two errors is $0 to net position.

	Net Position As Previously Presented	Error Correction	Error Correction	Net Position As Restated
Governmental Activities	(339,551)	134,131	(134,131)	(339,551)

	Fund Balance As Previously Presented	Error Correction	Error Correction	Fund Balance As Restated
Capital Projects Fund	110,444	(134,131)	-	(23,687)

REQUIRED SUPPLEMENTARY INFORMATION

Lakota Pointe Metropolitan District No. 1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
General government:				
Insurance	3,000	3,000	2,530	470
Accounting and auditing	28,845	28,845	34,929	(6,084)
Legal	50,000	50,000	43,518	6,482
Management	36,890	36,890	33,649	3,241
Elections	10,000	10,000	8,411	1,589
Director fees	-	-	54	(54)
Administration - Other	4,900	4,900	3,922	978
Other	2,800	2,800	-	2,800
Service plan amendment	30,000	30,000	2,762	27,238
HOA shared costs	-	-	40,456	(40,456)
Contingency	5,000	5,000	-	5,000
Total Expenditures	171,435	171,435	170,231	1,204
Excess (Deficiency) of Revenues over Expenditures	(171,435)	(171,435)	(170,231)	1,204
Other Financing Sources (Uses):				
Developer advances	171,435	171,435	165,360	(6,075)
Transfers in	-	-	3,672	3,672
Total Other Financing Sources (Uses)	171,435	171,435	169,032	(2,403)
Net Change in Fund Balance	-	-	(1,199)	(1,199)
Fund Balance - Beginning	-	-	19,280	19,280
Fund Balance - Ending	-	-	18,081	18,081

SUPPLEMENTARY INFORMATION

Lakota Pointe Metropolitan District No. 1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	-	30,312	30,312
Total Revenues	-	-	30,312	30,312
Expenditures:				
Debt service:				
Interest payments	-	-	178,500	(178,500)
Cost of issuance	-	-	362,600	(362,600)
Total Expenditures	-	-	541,100	(541,100)
Excess (Deficiency) of Revenues over Expenditures	-	-	(510,788)	(510,788)
Other Financing Sources (Uses):				
Bond issuance	-	-	5,685,000	5,685,000
Transfers (out)	-	(4,567,000)	(4,120,546)	446,454
Total Other Financing Sources (Uses)	-	(4,567,000)	1,564,454	6,131,454
Net Change in Fund Balance	-	(4,567,000)	1,053,666	5,620,666
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	(4,567,000)	1,053,666	5,620,666

Lakota Pointe Metropolitan District No. 1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Capital Projects Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	-	41,042	41,042
Total Revenues	-	-	41,042	41,042
Expenditures:				
Debt service:				
Developer repayments	-	-	2,023,761	(2,023,761)
Capital outlay	2,800,000	6,549,420	2,968,710	3,580,710
Total Expenditures	2,800,000	6,549,420	4,992,471	1,556,949
Excess (Deficiency) of Revenues over Expenditures	(2,800,000)	(6,549,420)	(4,951,429)	1,597,991
Other Financing Sources (Uses):				
Developer advances	2,800,000	2,800,000	1,250,995	(1,549,005)
Transfers in	-	-	4,116,874	4,116,874
Total Other Financing Sources (Uses)	2,800,000	2,800,000	5,367,869	2,567,869
Net Change in Fund Balance	-	(3,749,420)	416,440	4,165,860
Fund Balances - Beginning, as previously presented	-	-	110,444	110,444
Error Correction	-	-	(134,131)	(134,131)
Fund Balances - Beginning, as restated	-	-	(23,687)	(23,687)
Fund Balance - Ending	-	(3,749,420)	392,753	4,142,173