

2024 ANNUAL REPORT
LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1

As required by Section 32-1-207(3)(c), C.R.S., the following report of the activities of Loretto Heights Metropolitan District No. 1 (“**LHMD No. 1**” or the “**District**”) from January 1, 2024 to December 31, 2024 is hereby submitted. This Annual Report may be reviewed together with Annual Reports for Loretto Heights Metropolitan District (“**LHMD**”) Nos. 2-5 and the Loretto Heights Programming Metropolitan District (“**LHPMD**”). Collectively, LHMD Nos. 1-5 and LHPMD may be referred to herein as the “**Districts**”.

- A. **Boundary changes made:** No boundary changes were made or proposed during 2024.
- B. **Intergovernmental Agreements entered into or terminated:** The District did not enter into any Intergovernmental Agreements during 2024.
- C. **Access information to obtain a copy of rules and regulations adopted:** The District has not adopted any rules and regulations as of December 31, 2024. In the event the District adopts rules and regulations in the future, such documents may be accessed at the offices of Special District Management Services, Inc., 141 Union Blvd., Suite 150, Lakewood, CO 80228, 303-987-0835, or on the District’s website: <https://lorettoheightsdistricts.colorado.gov/>.
- D. **Summary of litigation involving the District’s public improvements:** To our knowledge, there is no litigation involving the District’s public improvements.
- E. **Status of the District’s construction of public improvements:** The following capital improvements were constructed in 2024:
- Loretto Heights Mainline Irrigation with All Phase for the Completion of mainline irrigation project.
 - Loretto Heights Infrastructure Phase 2 Belair for the Construction of Federal Blvd. deceleration lane at Dartmouth Ave.
 - Loretto Heights Traffic Signals with Dynalectric Punchlist for Traffic signals at Federal/Dartmouth and Federal/Bates intersections.
 - Loretto Heights Federal Storm Reroute with Iron Woman for the Site cleanup, waterline install, RTD bus pad install, signage & striping.
 - Electric Distribution with KPS Electric for the Completion of existing campus electric redistribution.
 - Loretto Heights Infrastructure with SMH West for the Punchlist corrections for roadway, storm & sanitary improvements.

- F. **Conveyances or dedications of facilities or improvements, constructed by the District, to the City and County of Denver:** The District did not convey or dedicate any facilities or improvements to the City in 2024.
- G. **Final assessed valuation of the District for the report year:** \$14,130.00.
- H. **Current year's budget:** A copy of the District's 2025 budget is attached hereto as **Exhibit A.**
- I. **Audited financial statements for the reporting year (or application for exemption from audit):** A copy of the 2024 Audit is attached hereto as **Exhibit B.**
- J. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument:** To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
- K. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period:** To our knowledge, the District has been able to pay its obligations as they come due.

Exhibit A
2025 Budget

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2025

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/29/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 59,282	\$ (1,541)	\$ 106,415
REVENUES			
Property taxes	35	74	220
Specific ownership taxes	-	4	11
Developer advance	2,392,937	1,727,285	1,692,729
Interest income	4,670	175	201
Other revenue	-	-	150,000
IGA Revenue LHCA	6,773,398	4,000,000	17,015,414
IGA Revenue LHMD2	6,746	16,861	68,130
IGA Revenue LHMD3	26,096	66,284	33,833
IGA Revenue LHMD4	24,130	44,865	48,947
Total revenues	9,228,012	5,855,548	19,009,485
 Total funds available	 9,287,294	 5,854,007	 19,115,900
EXPENDITURES			
General Fund	236,231	251,861	533,600
Capital Projects Fund	9,052,604	5,495,731	18,575,000
Total expenditures	9,288,835	5,747,592	19,108,600
 Total expenditures and transfers out requiring appropriation	 9,288,835	 5,747,592	 19,108,600
ENDING FUND BALANCES	\$ (1,541)	\$ 106,415	\$ 7,300
EMERGENCY RESERVE	\$ 1,900	\$ 3,900	\$ 7,300
TOTAL RESERVE	\$ 1,900	\$ 3,900	\$ 7,300

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/29/25

ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
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ASSESSED VALUATION

Vacant land	\$ 90	\$ 30	\$ 30
Personal property	10,440	4,720	14,100
	10,530	4,750	14,130
Certified Assessed Value	\$ 10,530	\$ 4,750	\$ 14,130

MILL LEVY

General	15.000	15.592	15.591
Total mill levy	15.000	15.592	15.591

PROPERTY TAXES

General	\$ 158	\$ 74	\$ 220
Levied property taxes	158	74	220
Adjustments to actual/rounding	(123)	-	-
Budgeted property taxes	\$ 35	\$ 74	\$ 220

BUDGETED PROPERTY TAXES

General	\$ 35	\$ 74	\$ 220
	\$ 35	\$ 74	\$ 220

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/29/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 59,282	\$ 2,728	\$ 106,415
REVENUES			
Property taxes	35	74	220
Specific ownership taxes	-	4	11
Developer advance	118,000	227,285	192,729
Interest income	4,670	175	201
IGA Revenue LHCA	-	-	90,414
IGA Revenue LHMD2	6,746	16,861	68,130
IGA Revenue LHMD3	26,096	66,284	33,833
IGA Revenue LHMD4	24,130	44,865	48,947
Total revenues	179,677	355,548	434,485
Total funds available	238,959	358,276	540,900
EXPENDITURES			
General and administrative			
Accounting	39,281	41,800	45,000
Auditing	11,550	13,000	13,200
County Treasurer's Fee	-	1	2
Directors' fees	8,400	17,100	42,000
Dues and membership	1,882	2,151	2,500
Insurance	21,976	21,591	25,000
District management	26,106	39,000	41,000
Legal	60,064	39,000	70,000
Miscellaneous	28,601	26,000	30,000
Payroll taxes	643	1,308	3,213
Election	5,086	-	10,000
Contingency	-	-	12,785
Operations and maintenance			
Repairs and maintenance	8,976	-	15,000
Agricultural Ditch Assessment	-	8,976	9,900
Agricultural Ditch Maintenance	-	9,384	25,000
Irrigation Repair	-	-	5,000
Irrigation Pond Maint	-	-	5,000
Storm drainage	8,879	5,050	9,000
Snow removal	14,787	25,000	150,000
Electricity	-	-	15,000
Locates	-	2,500	5,000
Total expenditures	236,231	251,861	533,600
Total expenditures and transfers out requiring appropriation	236,231	251,861	533,600
ENDING FUND BALANCES	\$ 2,728	\$ 106,415	\$ 7,300
EMERGENCY RESERVE	\$ 1,900	\$ 3,900	\$ 7,300
TOTAL RESERVE	\$ 1,900	\$ 3,900	\$ 7,300

No assurance provided. See summary of significant assumptions.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/29/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ -	\$ (4,269)	\$ -
REVENUES			
Developer advance	2,274,937	1,500,000	1,500,000
Other revenue	-	-	150,000
IGA Revenue LHCA	6,773,398	4,000,000	16,925,000
Total revenues	9,048,335	5,500,000	18,575,000
Total funds available	9,048,335	5,495,731	18,575,000
EXPENDITURES			
General and Administrative			
Accounting	58,922	54,272	67,500
District management	18,626	14,522	15,200
Legal	83,624	58,500	105,000
Contingency	-	-	150,000
Capital Projects			
Repay developer advance	2,274,937	1,500,000	1,500,000
Developer advance - interest expense	3,293	1,500	15,000
Engineering	62,811	31,000	35,000
Capital outlay	6,550,391	3,835,937	16,687,300
Total expenditures	9,052,604	5,495,731	18,575,000
Total expenditures and transfers out requiring appropriation	9,052,604	5,495,731	18,575,000
ENDING FUND BALANCES	\$ (4,269)	\$ -	\$ -

**LORETTO HEIGHTS METRO DISTRICT NO. 1
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Denver on August 26, 2019.

The District was established to provide financing for the design, acquisition, installation, 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.

Loretto Heights Metro Districts Nos. 1-5 and Loretto Heights Programming District are expected to work together to provide for the acquisition, construction, and financing of the public improvements and the administration and operations for the Development.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

Revenues

Property Taxes

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

The District may impose an Operating Mill Levy of up to 65.000 mills, until the District imposes a Debt Mill Levy. Once the District imposes a Debt Mill Levy, the District's Operating Mill Levy cannot exceed 15.000 mills. The Debt Mill Levy shall not exceed 50.000 mills. The Programming District has the authority to levy 20.000 mills for the purpose of operating and maintaining the Programming District's facilities and services. The District has the authority to impose an additional Regional Mill Levy of 5.000 mills. The Regional Mill Levy shall not exceed a term of 25 years from December 31 of the tax collection year after which the Regional Mill Levy was first imposed. The District's Aggregate Mill Levy maximum is 85.000 mills (15 for Operations, 50 for Debt Service, and 20 for the Programming District), and does not include the Regional Mill Levy. All of these mill levies can be adjusted for any changes in the assessment ratios from the time of the service plan approval, August 26, 2019.

**LORETTO HEIGHTS METRO DISTRICT NO. 1
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (continued)

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2025, SB22-238, SB23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual values as follows:

Category	Rate	Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%	Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%	Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%	Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%	Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%	State Assessed	27.90%	Lodging	\$30,000
		Oil & Gas Production	87.50%		

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 5% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Intergovernmental Revenues

The intergovernmental revenues are transfers from Districts No. 2, 3, 4 and Loretto Heights Community Authority. The District will coordinate the payment of administrative expenditures for these 4 districts, as well as the District's own administrative expenditures. District No. 1 also provides for the construction of certain Public Improvements.

**LORETTO HEIGHTS METRO DISTRICT NO. 1
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking, meeting expense and other administrative expenses.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

Exhibit B
2024 Audit

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
City and County of Denver, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
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Board of Directors
Loretto Heights Metropolitan District No. 1
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 Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the 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 Metropolitan District No. 1 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (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 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted 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 District'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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 31, 2025

BASIC FINANCIAL STATEMENTS

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 9,250
Cash and Investments - Restricted	12,740
Prepaid Insurance	22,101
Due from Other Districts	1,264,527
Property Tax Receivable	220
Capital Assets:	
Capital Assets Not Being Depreciated	<u>27,085,670</u>
Total Assets	<u>28,394,508</u>
 LIABILITIES	
Accounts Payable	703,901
Retainage Payable	595,081
Payroll Liabilities Payable	3,014
Due to Other Districts	7,729
Noncurrent Liabilities:	
Due in More Than One Year	<u>606,168</u>
Total Liabilities	<u>1,915,893</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>220</u>
Total Deferred Inflows of Resources	<u>220</u>
 NET POSITION	
Net Investment in Capital Assets	27,085,670
Restricted for:	
Emergency Reserve	2,900
Net Position - Unrestricted	<u>(610,175)</u>
 Total Net Position	 <u><u>\$ 26,478,395</u></u>

See accompanying Notes to Basic Financial Statements.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 1,561,567	\$ -	\$ 96,872	\$ 3,298,859	\$ 1,834,164
Interest on Long-Term Debt and Related Costs	<u>37,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,369)</u>
Total Governmental Activities	<u>\$ 1,598,936</u>	<u>\$ -</u>	<u>\$ 96,872</u>	<u>\$ 3,298,859</u>	1,796,795
GENERAL REVENUES					
Property Taxes					86
Interest Income					257
Other Revenue					<u>1,577</u>
Total General Revenues and Transfers					<u>1,920</u>
CHANGES IN NET POSITION					1,798,715
Net Position - Beginning of Year					<u>24,679,680</u>
NET POSITION - END OF YEAR					<u>\$ 26,478,395</u>

See accompanying Notes to Basic Financial Statements.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 9,250	\$ -	\$ 9,250
Cash and Investments - Restricted	4,102	8,638	12,740
Accounts Receivable	-	-	-
Due from LHMD2	1,004	-	1,004
Due from LHMD3	3,415	-	3,415
Due from LHMD4	1,940	-	1,940
Due from LHCA	4,120	1,254,048	1,258,168
Prepaid Insurance	22,101	-	22,101
Property Tax Receivable	220	-	220
	<u>46,152</u>	<u>1,262,686</u>	<u>1,308,838</u>
Total Assets	<u>\$ 46,152</u>	<u>\$ 1,262,686</u>	<u>\$ 1,308,838</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 20,814	\$ 683,087	\$ 703,901
Retainage Payable	-	595,081	595,081
Due to Loretto Heights MD 4	7,729	-	7,729
Payroll Liabilities Payable	3,014	-	3,014
Total Liabilities	<u>31,557</u>	<u>1,278,168</u>	<u>1,309,725</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	220	-	220
Total Deferred Inflows of Resources	<u>220</u>	<u>-</u>	<u>220</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid Expense	22,101	-	22,101
Restricted for:			
Emergency Reserves	2,900	-	2,900
Committed:			
Capital Projects	-	595,081	595,081
Assigned to:			
Subsequent Year's Expenditures	18,810	-	18,810
Unassigned	(29,436)	(610,563)	(639,999)
Total Fund Balances (Deficits)	<u>14,375</u>	<u>(15,482)</u>	<u>(1,107)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,152</u>	<u>\$ 1,262,686</u>	

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

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

27,085,670

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

Developer Advance Payable

(527,181)

Accrued Developer Advance Interest

(78,987)

Net Position of Governmental Activities

\$ 26,478,395

See accompanying Notes to Basic Financial Statements.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 86	\$ -	\$ 86
Interest Income	257	-	257
Other Revenue	632	945	1,577
IGA Revenue LHMD2	17,114	-	17,114
IGA Revenue LHMD3	34,107	-	34,107
IGA Revenue LHMD4	45,651	-	45,651
IGA Revenue LHCA	-	3,298,859	3,298,859
Total Revenues	<u>97,847</u>	<u>3,299,804</u>	<u>3,397,651</u>
EXPENDITURES			
Current:			
Accounting	38,650	57,985	96,635
Agricultural Ditch Maintenance	9,384	-	9,384
Auditing	13,000	-	13,000
Directors' Fees	22,400	-	22,400
District Management	41,715	12,741	54,456
Dues and Membership	2,151	-	2,151
Election	172	-	172
Engineering	-	23,137	23,137
Insurance	21,591	-	21,591
Legal	33,150	45,124	78,274
Locates	916	-	916
Miscellaneous	6,868	-	6,868
Payroll Taxes	1,714	-	1,714
Snow Removal	10,103	-	10,103
Storm Drainage	5,067	-	5,067
Capital Projects:			
Capital Outlay	-	1,955,179	1,955,179
Construction Management	-	1,215,699	1,215,699
Total Expenditures	<u>206,881</u>	<u>3,309,865</u>	<u>3,516,746</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(109,034)	(10,061)	(119,095)
OTHER FINANCING SOURCES (USES)			
Developer Advance	120,681	995,097	1,115,778
Repay Developer Advance	-	(995,097)	(995,097)
Repay Developer Advance - Interest Expense	-	(1,152)	(1,152)
Total Other Financing Sources (Uses)	<u>120,681</u>	<u>(1,152)</u>	<u>119,529</u>
NET CHANGE IN FUND BALANCES	11,647	(11,213)	434
Fund Balances - Beginning of Year	<u>2,728</u>	<u>(4,269)</u>	<u>(1,541)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u><u>\$ 14,375</u></u>	<u><u>\$ (15,482)</u></u>	<u><u>\$ (1,107)</u></u>

See accompanying Notes to Basic Financial Statements.

**LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ 434
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.	
Capital Outlay	1,955,179
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Developer Advance	(1,115,778)
Repay Developer Advance	995,097
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 Developer Advance - Change in Liability	<u>(36,217)</u>
Changes in Net Position of Governmental Activities	<u><u>\$ 1,798,715</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 74	\$ 86	\$ 12
Specific Ownership Taxes	4	-	(4)
Interest Income	6,500	257	(6,243)
Other Revenue	-	632	632
IGA Revenue LHMD2	16,891	17,114	223
IGA Revenue LHMD3	103,338	34,107	(69,231)
IGA Revenue LHMD4	44,101	45,651	1,550
Total Revenues	170,908	97,847	(73,061)
EXPENDITURES			
Accounting	41,800	38,650	3,150
Agricultural Ditch Maintenance	-	9,384	(9,384)
Auditing	13,000	13,000	-
Contingency	7,986	-	7,986
County Treasurer's Fee	1	-	1
Directors' Fees	42,000	22,400	19,600
District Management	32,000	41,715	(9,715)
Dues And Membership	2,500	2,151	349
Election	-	172	(172)
Insurance	23,000	21,591	1,409
Landscaping	50,000	-	50,000
Legal	77,000	33,150	43,850
Locates	9,500	916	8,584
Miscellaneous	19,000	6,868	12,132
Payroll Taxes	3,213	1,714	1,499
Repairs And Maintenance	15,000	-	15,000
Snow Removal	50,000	10,103	39,897
Storm Drainage	9,000	5,067	3,933
Total Expenditures	395,000	206,881	188,119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(224,092)	(109,034)	115,058
OTHER FINANCING SOURCES (USES)			
Developer Advance	227,285	120,681	(106,604)
Total Other Financing Sources (Uses)	227,285	120,681	(106,604)
NET CHANGE IN FUND BALANCE	3,193	11,647	8,454
Fund Balance - Beginning of Year	2,007	2,728	721
FUND BALANCE - END OF YEAR	\$ 5,200	\$ 14,375	\$ 9,175

See accompanying Notes to Basic Financial Statements.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Loretto Heights Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized concurrently with Loretto Heights Metropolitan Districts Nos. 2-5, and Loretto Heights Programming Metropolitan District (collectively, the Districts) by order and decree of the City and County of Denver (the City) District Court on February 14, 2020 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City on August 26, 2019. The Service Plan contemplates that District No. 1 serve as the "Management District" in order to finance, construct, own, manage, and operate the Public Improvements authorized to each of the Districts. It is further anticipated that District Nos. 2-5 would act as the "Taxing Districts" to generate revenue to pay costs of the Public Improvements.

At a special election of the eligible electors of the District held on November 5, 2019, a majority of electors voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District 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 District reports the following major governmental funds:

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

The 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 METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets component of the District's net position.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity

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

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

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2024. The deficit will be eliminated with the receipt of funds transferred by Loretto Heights Community Authority in 2025.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 9,250
Cash and Investments - Restricted	12,740
Total Cash and Investments	<u>\$ 21,990</u>

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

Deposits with Financial Institutions	\$ 21,688
Investments	302
Total Cash and Investments	<u>\$ 21,990</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance of \$21,668.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund	Weighted-Average	
Trust (CSAFE)	Under 60 Days	<u>\$ 302</u>
Total		

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State Statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 25,130,491	\$ 1,955,179	\$ -	\$ 27,085,670
Total Capital Assets, Not Being Depreciated	<u>\$ 25,130,491</u>	<u>\$ 1,955,179</u>	<u>\$ -</u>	<u>\$ 27,085,670</u>

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Other Debts					
Developer Advance - Operating	\$ 406,500	\$ 120,681	\$ -	\$ 527,181	\$ -
Developer Advance - Capital	-	995,097	995,097	-	-
Accrued Interest on:					
Developer Advance - Operating	42,770	36,199	-	78,969	-
Developer Advance - Capital	-	1,170	1,152	18	-
Subtotal Other Debts	<u>449,270</u>	<u>1,153,147</u>	<u>996,249</u>	<u>606,168</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 449,270</u>	<u>\$ 1,153,147</u>	<u>\$ 996,249</u>	<u>\$ 606,168</u>	<u>\$ -</u>

Authorized Debt

On November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,259,700,000 at an interest rate not to exceed 18% per annum.

At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2019 Election	Authorized but Unissued
Street	\$ 96,900,000	\$ 96,900,000
Parks and Recreation	96,900,000	96,900,000
Water	96,900,000	96,900,000
Sewer/Sanitation System	96,900,000	96,900,000
Transportation	96,900,000	96,900,000
Mosquitos	96,900,000	96,900,000
Safety Protection	96,900,000	96,900,000
Fire Protection	96,900,000	96,900,000
Television and Relay System	96,900,000	96,900,000
Security	96,900,000	96,900,000
O&M	96,900,000	96,900,000
Refunding	96,900,000	96,900,000
Intergovernmental Agreements	96,900,000	96,900,000
Total	<u>\$ 1,259,700,000</u>	<u>\$ 1,259,700,000</u>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets represents the total capital assets net of accumulated depreciation and debt directly related to capital assets.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The District had a restricted net position as of December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 2,900
Total Restricted Net Position	<u>\$ 2,900</u>

The remaining balance of Net Position is unrestricted.

NOTE 7 AGREEMENTS

Loretto Heights Community Authority Establishment Agreement

On May 19, 2021, District Nos. 1-4 entered into the Loretto Heights Community Authority Establishment Agreement (the Establishment Agreement) establishing the Loretto Heights Community Authority (the LHC Authority). Pursuant to the Establishment Agreement, the LHC Authority was established to finance, plan, design, engineer, test, construct, operate, and maintain the Public Improvements and to provide services authorized to the Districts under their Service Plans. The District is designated as the “Management District” under the Establishment Agreement, and is required to coordinate the financing, planning, design, and construction of the Public Improvements. District Nos. 2-4 are designated as the “Taxing Districts” and are intended to include the majority of the property within the Districts’ combined service area and to generate revenues to fund the Public Improvements and services provided by the LHC Authority.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 AGREEMENTS (CONTINUED)

Loretto Heights Community Authority Establishment Agreement (Continued)

Pursuant to the Establishment Agreement, each of the District Nos. 1-4 is required to transfer revenues to the LHC Authority to fund the Actual Administrative Costs of District Nos. 1-4. Actual Capital Costs of Bonds issued by the LHC Authority are anticipated to be paid or reimbursed by District Nos. 1-4 pursuant to one or more capital pledge agreements pledging ad valorem property tax revenues; payment in lieu of taxes (PILOT) revenues collected under the Declaration of Payment in Lieu of Taxes between ACM Loretto VI, LLC and the District (since Amended and Restated with the LHC Authority); public improvement fee (PIF) revenues collected under (i) the Declaration of Covenants Imposing and Implementing the ACM Loreto VI, LLC Lodging Add On Public Improvement Fee, (ii) the Declaration of Covenants Imposing and Implementing the ACM Loretto VI, LLC Sales Add on Public Improvement Fee (since Amended and Restated), or (iii) any additional declaration imposing a PIF pledged to District Nos. 1-4 or the LHC Authority.

Project Management Intergovernmental Agreement

On May 25, 2021, the District and the LHC Authority entered into a Project Management Intergovernmental Agreement (Project Management IGA), providing that The District, 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. As the Management District, the District has and will continue to engage engineers, surveyors, and other consultants and construction contractors to facilitate the development of the Public Improvements. The LHC 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.

NOTE 8 RELATED PARTIES

The property within the District is being developed by ACM Loretto VI, LLC (the Developer) and or Westside Property Investment Company, Inc (the Consultant). During 2024, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer or the Consultant, and may have conflicts of interest in matters involving the District.

Operation Funding Agreement

The District and ACM Loretto VI LLC (the Developer) entered into an Operation Funding Agreement (OFA) dated February 18, 2021, effective February 14, 2020, First Amendment dated October 25, 2021, Second Amendment dated November 27, 2023 and Third Amendment dated November 25, 2024. Pursuant to the OFA, the Developer agreed to advance funds to the District for payment of operations and maintenance expenses for fiscal years 2020 through 2026 up to the shortfall amount of \$1,250,000. The District has agreed to reimburse the Developer for funds advanced under the OFA, together with interest thereon at the rate of 8.0% per annum. Payments made under this agreement shall be applied first to interest and then to principal. The term of the OFA shall expire on December 31, 2065, unless terminated earlier by mutual agreement of the parties.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 RELATED PARTIES (CONTINUED)

Operation Funding Agreement (Continued)

As of December 31, 2024, outstanding advances under this agreement totaled \$527,181 and accrued interest totaled \$78,969.

Facilities Funding and Acquisition Agreement

The District and ACM Loretto VI LLC (the Developer) entered into a Facilities Funding and Acquisition Agreement (FFAA) dated February 14, 2020. Pursuant to the FFAA, the Developer agreed to advance funds to the District for payment of construction related expenses and/or for the District's acquisition of the Improvements upon completion for fiscal years 2019 through 2026 up to the shortfall amount of \$5,000,000. Prior to any reimbursement to the Developer, the District shall obtain a certification of an independent engineer that the Construction Related Expenses are reimbursable based on the copies of the invoices, bills, and requests for payment provided to the District. The District has agreed to reimburse the Developer for funds advanced under the FFAA, together with interest thereon at the rate of 8.0% per annum. Payments made under this agreement shall be applied first to interest and then to principal. The term of the FFAA shall expire on December 31, 2060, unless terminated earlier by mutual agreement of the parties.

On April 11, 2023, the agreement was amended by the First Amendment to FFAA to clarify that the District may make payments directly to contractors for the Verified Costs of Construction related expenses when funds available for capital projects. Subsequently, on November 27, 2023 (Second Amendment) and November 25, 2024 (Third Amendment), the FFAA was further amended to extend the period of Developer Advance obligation through 2026.

As of December 31, 2024, outstanding advances under this agreement totaled \$-0-, accrued interest totaled \$18.

Facilities Reimbursement Agreement

The District and Hartman Ely Investments LLC (Hartman Ely) entered into a Facilities Reimbursement Agreement dated June 3, 2021 (as amended October 11, 2021). Pursuant to the agreement, the District agreed to reimburse Hartman Ely up to a maximum of \$110,000 for construction related improvements.

As of December 31, 2024, outstanding advances under this agreement totaled \$-0-.

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 RELATED PARTIES (CONTINUED)

Facilities Acquisition Agreements

The District has entered into Facilities Acquisition Agreements with the developers of public improvements within its service area, including Pancratia Hall Partners LLC (PH Partners) (dated October 1, 2020), GPAI Loretto, LLC (GPAI) (dated October 21, 2021), THB Loretto Land LLC (THB) (dated October 5, 2021, amended and restated April 12, 2023), MHMP 20 Loretto LLLP (MHMP) (dated March 16, 2023), and TRG Loretto Owner LLC (TRG) (dated September 20, 2023). Pursuant to the Facilities Acquisition Agreements, PH Partners, GPAI, THB, MHMP, and TRG, respectively, agree to design, construct, and complete certain District Improvements (defined therein) in full conformance with the design standards and specifications established and in use by the District as well as plans approved by the City, and the District is required to acquire any District Improvements constructed in conformance with the agreements and to reimburse the Developer for the verified costs of such District improvements.

As of December 31, 2024, outstanding advances under the Facilities Acquisition Agreements totaled \$-0-.

Pilot IGA

Effective August 14, 2023, the District, the Authority, Loretto Heights Metropolitan District Nos. 2-4, 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.

Project Management Services Agreement

The District and Westside Property Investment Company, Inc. (the Consultant) entered into a Project Management Services Agreement (PMSA) dated March 25, 2024. Pursuant to the PMSA, the Consultant agreed to provide consulting services related to the public infrastructure projects of the District. Compensation for said consulting services shall be based on five percent (5%) of the District Costs and Verified Costs, but not in excess of five percent of the par amount of the Bonds. As of December 31, 2024, the District has paid \$1,215,699 under this agreement.

NOTE 9 ECONOMIC DEPENDENCY

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

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 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.

On November 5, 2019, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees without regard to any limitations under TABOR.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
IGA Revenue LHCA	\$ 20,241,911	\$ 3,298,859	\$ (16,943,052)
Other Revenue	143,089	945	(142,144)
Total Revenues	20,385,000	3,299,804	(17,085,196)
EXPENDITURES			
Accounting	54,272	57,985	(3,713)
District Management	14,522	12,741	1,781
Engineering	60,000	23,137	36,863
Engineering - Project Planning	25,000	-	25,000
Legal	75,640	45,124	30,516
Capital Outlay	19,997,477	1,955,179	18,042,298
Construction Management	-	1,215,699	(1,215,699)
Contingency	143,089	-	143,089
Total Expenditures	20,370,000	3,309,865	17,060,135
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,000	(10,061)	(25,061)
OTHER FINANCING SOURCES (USES)			
Developer Advance	1,500,000	995,097	(504,903)
Repay Developer Advance	(1,500,000)	(995,097)	504,903
Repay Developer Advance - Interest Expense	(15,000)	(1,152)	13,848
Total Other Financing Sources (Uses)	(15,000)	(1,152)	13,848
NET CHANGE IN FUND BALANCE	-	(11,213)	(11,213)
Fund Balance - Beginning of Year	-	(4,269)	(4,269)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (15,482)</u>	<u>\$ (15,482)</u>

LORETTO HEIGHTS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024

Year Ended December 31.	Assessed Valuation	Percent Change	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
			General Operations	Levied	Collected	
2021/2022	\$ 214,350	0.0%	15.000	\$ 3,215	\$ 3,215	100.00 %
2022/2023	10,530	-95.1%	15.000	158	35	22.15 %
2023/2024	4,750	-54.9%	15.592	74	86	116.22 %
Estimated for Year Ending December 31, 2025	\$ 14,130	197.5%	15.591	\$ 220		

Note:

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

Source: City and County of Denver Assessor and Treasurer.