

VISTAS AT WEST MESA METROPOLITAN DISTRICT

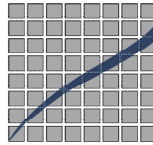
EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Vistas at West Mesa Metropolitan District

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistas at West Mesa Metropolitan District ("District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 12, these financial statements have been restated to correct for depreciable assets being recorded as construction in progress in the previously issued December 31, 2023 financial statements. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 17, 2025

VISTAS AT WEST MESA METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 10,096
Cash and investments - restricted	45,336
Receivable from County Treasurer	1,074
Property taxes receivable	187,015
Accounts receivable	11,536
Prepaid expenses	5,103
Capital assets:	
Capital assets, net	800,432
Construction in progress	475,292
Total assets	<u>1,535,884</u>
<u>LIABILITIES</u>	
Accounts payable	8,411
Prepaid assessment	7,144
Noncurrent liabilities:	
Due in more than one year	<u>2,971,294</u>
Total liabilities	<u>2,986,849</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes	<u>187,015</u>
Total deferred inflows of resources	<u>187,015</u>
<u>NET POSITION</u>	
Net investment in capital assets	(61,124)
Restricted for:	
Capital projects	16,719
Emergency reserve	3,600
Unrestricted	<u>(1,597,175)</u>
Total net position	<u>\$ (1,637,980)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS / PROGRAMS</u>					
Primary government					
Government activities:					
General government	\$ 160,946	\$ 57,723	\$ -	\$ -	\$ (103,223)
Interest and related costs on long-term debt	237,022	-	-	-	(237,022)
Total government activities	<u>\$ 397,968</u>	<u>\$ 57,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(340,245)</u>
<u>GENERAL REVENUES</u>					
Property taxes					143,146
Specific ownership taxes					13,133
Investment income					3,218
Other income					20
Total general revenues					159,517
Capital assets conveyed to CSU					(618,258)
Change in net position					(798,986)
Net position, beginning of year					(838,994)
Net position, end of year					<u>\$ (1,637,980)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 10,096	\$ -	\$ -	\$ 10,096
Cash and investments - restricted	3,600	350	41,386	45,336
Receivable from County Treasurer	307	767	-	1,074
Property taxes receivable	44,183	142,832	-	187,015
Accounts receivable	11,536	-	-	11,536
Prepaid expenses	5,103	-	-	5,103
Due from other funds	25,784	-	-	25,784
Total assets	<u>\$ 100,609</u>	<u>\$ 143,949</u>	<u>\$ 41,386</u>	<u>\$ 285,944</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 8,411	\$ -	\$ -	\$ 8,411
Prepaid assessment	7,144	-	-	7,144
Due to other funds	-	1,117	24,667	25,784
Total liabilities	<u>15,555</u>	<u>1,117</u>	<u>24,667</u>	<u>41,339</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property taxes	<u>44,183</u>	<u>142,832</u>	<u>-</u>	<u>187,015</u>
Total deferred inflows of resources	<u>44,183</u>	<u>142,832</u>	<u>-</u>	<u>187,015</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Nonspendable	5,103	-	-	5,103
Restricted for:				
Capital projects	-	-	16,719	16,719
Emergency reserve	3,600	-	-	3,600
Unassigned:				
Unrestricted	<u>32,168</u>	<u>-</u>	<u>-</u>	<u>32,168</u>
Total fund balances	<u>40,871</u>	<u>-</u>	<u>16,719</u>	<u>57,590</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 100,609</u>	<u>\$ 143,949</u>	<u>\$ 41,386</u>	
Amounts reported in 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:				
Capital assets, net				800,432
Construction in progress				475,292
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds payable				(2,635,000)
Accrued interest on bonds payable				(181,932)
Unamortized discount on bonds payable				271,553
Developer advances				(394,996)
Accrued interest on developer advances				(30,919)
Net position of governmental activities				<u>\$ (1,637,980)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 40,899	\$ 102,247	\$ -	\$ 143,146
Specific ownership taxes	3,752	9,381	-	13,133
Investment income	-	1,375	1,843	3,218
Operations fee	57,723	-	-	57,723
Other income	20	-	-	20
Total revenues	102,394	113,003	1,843	217,240
EXPENDITURES				
Current:				
County Treasurer fees	613	1,534	-	2,147
Dues and subscriptions	1,245	-	-	1,245
Engineering	-	-	5,603	5,603
Insurance	6,733	-	-	6,733
Landscaping	14,998	-	-	14,998
Management fees	38,210	-	-	38,210
Office and supplies	92	-	-	92
Professional fees	39,592	-	-	39,592
Snow removal	8,686	-	-	8,686
Election expense	10	-	-	10
Trash	8,621	-	-	8,621
Debt service:				
Bond interest payments	-	105,379	-	105,379
Paying agent fees	-	3,500	-	3,500
Capital projects:				
Capital outlay	-	-	179,996	179,996
Total expenditures	118,800	110,413	185,599	414,812
Excess of revenues over expenditures	(16,406)	2,590	(183,756)	(197,572)
OTHER FINANCING SOURCES AND USES				
Transfers between funds	(2,852)	2,852	-	-
Proceeds from developer advances	25,000	-	179,996	204,996
Total other financing sources and uses	22,148	2,852	179,996	204,996
Net change in fund balances	5,742	5,442	(3,760)	7,424
Fund balances, beginning of year	35,129	(5,442)	20,479	50,166
Fund balances, end of year	\$ 40,871	\$ -	\$ 16,719	\$ 57,590

The accompanying notes and independent auditor's report should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

Net change in fund balances	\$	7,424
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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 assets over the estimated useful lives of the assets. Capital outlay and the conveyance of capital assets to other governments in the current period are as follows:

Capital outlay		179,996
Capital assets conveyed to CSU		(618,258)
Depreciation		(35,009)

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from developer advances		(204,996)
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Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond discount		(9,528)
Change in accrued interest on bonds payable		(98,503)
Change in accrued interest on developer advances		(20,112)

Change in net position	\$	(798,986)
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The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Property taxes	\$ 39,966	\$ 40,899	\$ 933
Specific ownership taxes	2,798	3,752	954
Operations fee	24,000	57,723	33,723
Other income	-	20	20
Total revenues	66,764	102,394	35,630
<u>EXPENDITURES</u>			
Bank charges	20	-	20
Contingency	5,000	-	5,000
County Treasurer fees	599	613	(14)
Dues and subscriptions	1,500	1,245	255
Insurance	4,500	6,733	(2,233)
Landscaping	15,000	14,998	2
Management fees	42,000	38,210	3,790
Office and supplies	-	92	(92)
Professional fees	38,755	39,592	(837)
Repairs and maintenance	1,000	-	1,000
Reserve funding	5,000	-	5,000
Snow removal	6,250	8,686	(2,436)
Election expense	-	10	(10)
Street sweeping	300	-	300
Stormwater	400	-	400
Road repair and maintenance	1,750	-	1,750
Water	2,600	-	2,600
Electricity	750	-	750
Trash	4,752	8,621	(3,869)
Total expenditures	130,176	118,800	11,376
Excess of revenues over expenditures	(63,412)	(16,406)	47,006
<u>OTHER FINANCING SOURCES AND USES</u>			
Transfers between funds	-	(2,852)	(2,852)
Proceeds from developer advances	90,000	25,000	(65,000)
Total other financing sources and uses	90,000	22,148	(67,852)
Net change in fund balance	<u>\$ 26,588</u>	5,742	<u>\$ (20,846)</u>
Fund balance, beginning of year		35,129	
Fund balance, end of year		<u>\$ 40,871</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. DEFINITION OF REPORTING ENTITY

Vistas at West Mesa Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in November 2021, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including street, curb and gutters, sidewalks, detention facilities, trails, and public landscaping improvements needed for the area.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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 when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

The District reports the following major governmental funds:

The *general fund* 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 servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Debt service fund deficit

The debt service fund reported a fund balance deficit as of December 31, 2024. This deficit is expected to be eliminated with the receipt of pledged revenues in the future.

Budgets

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

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

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

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

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), 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 \$1,000 and a useful life greater than two years. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. For intangible assets such as leases, only those intangible lease assets that cost more than \$15,000 are reported as capital assets.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 15 to 40 years.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

Bond discount

In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

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 balances

Fund balances for governmental funds are 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. 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:

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

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

New accounting pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* ("Statement No. 100"). This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. On January 1, 2024, the District adopted the requirements of Statement No. 100 (Note 12).

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	\$ 10,096
Cash and investments - restricted	45,336
	<u>\$ 55,432</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2024, are as follows:

Deposits with financial institutions	\$ 13,696
Investments	41,736
	<u>\$ 55,432</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

As of December 31, 2024, the District's cash deposits had a bank balance of \$13,696 and a carrying balance of \$13,696.

Investments

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

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Certain money market funds	Weighted average under 60 days	<u>\$ 41,736</u>

Invesco Treasury Portfolio

The District invested in the Invesco Treasury Portfolio Short-Term Investment Trust ("Invesco Trust" or "Trust"), an investment vehicle established in the US. The Trust offers the following portfolio: Invesco Treasury Obligations Portfolio.

Invesco Treasury operates similarly to a money market fund in which each share is equal in value to \$1, with a percentage of daily liquidity available. The portfolio may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Invesco Trust is rated AAAm by Standard & Poor's, and Aaa-mmF by FitchRatings. BOK Financial records its investment at fair value and the District records its investment in Invesco Trust at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, is as follows:

	Balance 01-01-24	Additions	Dispositions	Reclassifications	Balance 12-31-24
<u>Governmental activities</u>					
Capital assets, depreciable:					
Parks and recreations	\$ 102,605	\$ 179,996	\$ -	\$ -	\$ 282,601
Storm sewer	165,310	-	-	-	165,310
Streets	413,645	-	-	-	413,645
Total capital assets, depreciable	681,560	179,996	-	-	861,556
Less accumulated depreciation	(26,115)	(35,009)	-	-	(61,124)
Total accumulated depreciation	(26,115)	(35,009)	-	-	(61,124)
Capital assets, net	<u>\$ 655,445</u>	<u>\$ 144,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,432</u>
Capital assets, not depreciable:					
Construction in progress	\$ 1,093,550	\$ -	\$ (618,258)	\$ -	\$ 475,292
Capital assets, not depreciable	<u>\$ 1,093,550</u>	<u>\$ -</u>	<u>\$ (618,258)</u>	<u>\$ -</u>	<u>\$ 475,292</u>

Depreciation expense for the year ended December 31, 2024, totaled \$35,009.

Capital assets conveyed to Colorado Springs Utilities ("CSU ")for the year ended December 31, 2024, totaled \$618,258.

5. LONG-TERM OBLIGATIONS

Long-term debt activity for the year ended December 31, 2024, is as follows:

	Balance 01-01-24	Additions	Repayments / Amortization	Balance 12-31-24	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2023 Bonds	\$ 2,635,000	\$ -	\$ -	\$ 2,635,000	\$ -
Discount on Series 2023 Bonds	(281,081)	-	9,528	(271,553)	-
Accrued interest on Series 2023 Bonds	83,429	203,882	(105,379)	181,932	-
Total bonds payable	2,437,348	203,882	(95,851)	2,545,379	-
Other long-term obligations:					
Developer advances - operating	190,000	25,000	-	215,000	-
Accrued interest on developer advances - operating	10,807	16,160	-	26,967	-
Developer advances - capital	-	179,996	-	179,996	-
Accrued interest on developer advances - capital	-	3,952	-	3,952	-
Total other long-term obligations	200,807	225,108	-	425,915	-
Total long-term obligations	<u>\$ 2,638,155</u>	<u>\$ 428,990</u>	<u>\$ (95,851)</u>	<u>\$ 2,971,294</u>	<u>\$ -</u>

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Series 2023(3) General Obligation Limited Tax Refunding and Improvement Bonds

On July 21, 2023, the District issued Series 2023(3) General Obligation Limited Tax Refunding and Improvement Bonds ("Series 2023 Bonds") for the purpose of: (i) paying the costs of refunding the refunded bonds ("Series 2022 Bonds"); (ii) paying the project costs; and (iii) paying other costs incurred in connection with the issuance of the Series 2023 Bonds and the refunding of the Series 2022 Bonds. The Series 2023 Bonds were issued in the amount of \$2,635,000, minus an original issue discount of \$285,845. \$1,836,576 of the principal was issued for the purpose of refunding the Series 2022 Bonds, and the remaining \$798,424 was issued for the purpose of paying project costs. The bonds bear interest at a rate of 7.5% per annum, payable to the extent of pledged revenues available therefore on each December 1, and mature on December 1, 2053. On December 2, 2061, no payments will be due and the Series 2023 Bonds will be deemed to be paid, satisfied, and discharged regardless of the amount of principal and interest paid prior to that date. Accordingly, the timing of repayment is uncertain and a maturity schedule is not included in these financial statements.

Pledged revenue

The Series 2023 Bonds are secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (i) the required mill levy; (ii) the capital fees, if any; (iii) the portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (iv) any other legally available monies which the District determines to be treated as pledged revenue. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as they become due and payable. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

Optional redemption

The Series 2023 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on March 1, 2027, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium on the principal amount redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2027 to February 29, 2028	3.00%
March 1, 2028 to February 28, 2029	2.00%
March 1, 2029 to February 28, 2030	1.00%
March 1, 2030 and thereafter	0.00%

Events of default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture.

- i. The District fails to impose the required mill levy or to apply the pledged revenue.
- ii. The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the indenture or the bond resolution, and fails to remedy the same after notice from the trustee or the District of the occurrence of such failure.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

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VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Upon the occurrence and continuance of an event of default, the trustee will have the following rights and remedies which may be pursued:

i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners of the bonds, the trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee will be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to, the trustee.

ii. Suit for judgement: The trustee may proceed to protect and enforce its rights and the rights of the owners of the bonds under the act, the bonds, the bond resolution, the indenture, and any provision of law by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.

iii. Mandamus or other suit: The trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the owners of the bonds.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

Debt authorization

As of December 31, 2024, the District's debt authorized, authorization used, and amounts authorized but unissued are as follows:

	Electoral Authorization	Service Plan Authorization
Amount authorized	\$ 108,000,000	\$ 4,500,000
Authorization used:		
Series 2022 Bonds	(1,381,000)	(1,381,000)
Series 2022 Bonds refunding	-	1,381,000
Series 2023 Bonds	(2,635,000)	(2,635,000)
Authorized but unissued indebtedness	<u>\$ 103,984,000</u>	<u>\$ 1,865,000</u>

On November 2, 2021, the District's voters authorized the issuance of indebtedness at an interest rate not to exceed 18%. The amended and restated service plan dated February 14, 2023 set the maximum mill levy at 50 mills.

Developer Advances

Funding and reimbursement agreement (operations and maintenance)

Effective March 11, 2022 and as amended November 8, 2023, the District and Grays Development Company, Inc. ("Developer") the Developer entered into a Funding and Reimbursement Agreement ("FRA"). Pursuant to the FRA, the District acknowledged the Developer has incurred operational and administrative expenses that are subject to reimbursement to the extent funds are available. The Developer has agreed to advance the District funds necessary to fund operational and administrative expenses on a periodic basis through 2025 not to exceed \$390,000. Advances made by the Developer will accrue simple interest at 8.00% per annum. Payments by the District to the Developer will first be applied to unpaid interest and then to outstanding principal due. Any obligation of the District to reimburse the Developer will expire on March 11, 2032. As of December 31, 2024, the outstanding developer advance totaled \$215,000 and accrued interest totaled \$26,967.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Infrastructure acquisition and reimbursement agreement

Effective March 11, 2022, the District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement ("IARA"). Pursuant to the IARA, the District acknowledged the Developer has or may in the future incur costs (either directly or indirectly through advances to the District) related to the acquisition, financing, planning, design, construction, and installation of public infrastructure that may be lawfully funded by the District under the Colorado Special District Act and the District's service plan. Advances made by the Developer will accrue simple interest at 8.00% per annum. Payments made by the District to the Developer will first be applied to unpaid interest and then to outstanding principal due. Any outstanding principal or interest obligation of the District under the IARA will be discharged and satisfied in full on March 11, 2037. As of December 31, 2024, the outstanding developer advance totaled \$179,996 and accrued interest totaled \$3,952.

6. NET POSITION

The District has net position consisting of: 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 balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2024, the District had net investment in capital assets as follows:

Net investment in capital assets:

Capital assets	\$ 800,432
Related long-term obligations	<u>(861,556)</u>

Net investment in capital assets	<u><u>\$ (61,124)</u></u>
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Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024 as follows:

Restricted net position:

Capital projects	\$ 16,719
Emergency reserve (Note 11)	<u>3,600</u>
	<u><u>\$ 20,319</u></u>

The District has a deficit in unrestricted net position as of December 31, 2024. This deficit is the result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion were conveyed to other governmental entities and which costs were removed from the District's financial records.

7. OPERATIONS FEE

Effective February 10, 2023, the District imposed an operations fee on residential units. The fee consists of two components. The first component is a one-time fee of \$50 per residential unit upon transfer of residential units to residents. The second component is a recurring fee of \$125 per month for each residential dwelling unit due on the first day of each month. The operations fee applies to all residential units constructed within the District's boundaries and are to be used for landscape maintenance, snow removal, covenant enforcement, and certain direct and indirect costs associated with the upkeep, repair, replacement, improvement, reconstruction, operation, and maintenance of public improvements within the District.

8. RELATED PARTIES

The developer of the property within the District is Grays Development Company, Inc. The members of the board of directors are officers, employees, or associated with the developer and may have conflicts of interest in dealing with the District.

See independent auditor's report.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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.

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 ("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.

11. TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 2, 2021, the District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District management believes the District 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 likely require judicial interpretation.

12. CORRECTION OF ERRORS ON PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The previously issued December 31, 2023 financial statements included the following errors:

- The District presented \$681,560 of capital assets that had been placed in service as construction in progress
- The District did not recognize depreciation expense of \$26,115 on \$681,560 of depreciable assets during the year.

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Government-wide financial statements:			
Financial statement line items:			
Capital assets, net	\$ -	\$ 655,445	\$ 655,445
Capital assets, not being depreciated	1,775,110	(681,560)	1,093,550
Net position	(812,879)	(26,115)	(838,994)

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

VISTAS AT WEST MESA METROPOLITAN DISTRICT

DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2024

	Original Budget	Amended and Final Budget	Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 99,915	\$ 102,247	\$ 102,247	\$ -
Specific ownership taxes	7,993	9,381	9,381	-
Investment income	-	1,375	1,375	-
Total revenues	107,908	113,003	113,003	-
<u>EXPENDITURES</u>				
County Treasurer fees	1,499	1,534	1,534	-
Bond interest payments	56,435	105,379	105,379	-
Paying agent fees	7,500	3,500	3,500	-
Total expenditures	65,434	110,413	110,413	-
Excess of revenues over expenditures	42,474	2,590	2,590	-
<u>OTHER FINANCING SOURCES AND USES</u>				
Transfers between funds	-	2,852	2,852	-
Total other financing sources and uses	-	2,852	2,852	-
Net change in fund balance	<u>\$ 42,474</u>	<u>\$ 5,442</u>	5,442	<u>\$ -</u>
Fund balance, beginning of year			(5,442)	
Fund balance, end of year			<u>\$ -</u>	

The accompanying notes and independent auditor's report
should be read with these financial statements.

VISTAS AT WEST MESA METROPOLITAN DISTRICT

CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2024

	Original Budget	Amended and Final Budget	Actual	Variance
<u>REVENUES</u>				
Investment income	\$ -	\$ 1,843	\$ 1,843	\$ -
Total revenues	-	1,843	1,843	-
<u>EXPENDITURES</u>				
Capital outlay	-	179,996	179,996	-
Engineering	-	5,603	5,603	-
Total expenditures	-	185,599	185,599	-
Excess of revenues over expenditures	-	(183,756)	(183,756)	-
<u>OTHER FINANCING SOURCES AND USES</u>				
Proceeds from developer advances	-	179,996	179,996	-
Total other financing sources and uses	-	179,996	179,996	-
Net change in fund balance	\$ -	\$ (3,760)	(3,760)	\$ -
Fund balance, beginning of year			20,479	
Fund balance, end of year			\$ 16,719	

The accompanying notes and independent auditor's report
should be read with these financial statements.