



ANNUAL INFORMATION REPORT
for the Year Ended December 31, 2024
TWO BRIDGES METROPOLITAN DISTRICT

The following information is provided pursuant to Section XI and Exhibit L of the District's amended and restated service plan approved by the County on November 07, 2017

I. District Description – General Information

a) Board members, officers' titles and terms

Directors	Office	Term Expiration
Korin Barr	President	May 2025
Karen McCracken	Treasurer	May 2025
Aaron Argabright		May 2025
Vacancy		May 2027
Vacancy		May 2027

b) Changes in board membership in the past year

None

c) Name and address for official District contact

Two Bridges Metropolitan District
c/o Wolfersberger, LLC
12210 Brighton Rd #8
Henderson, CO 80640
(720) 541-7725
atucker@wolfersbergerLLC.com

d) Elections held in the past year and their purpose

None

II. Boundary changes for the report year and proposed changes for the coming year

None

III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service agreements

a) Contracts for operations, debt and other contractual obligations with subdistricts or operating and taxing districts

None

- b) Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District

Operations Funding Agreement (OFA). On July 08, 2016, the District and the Developer entered into an Operation Funding Agreement (OFA) pursuant to which the Developer agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The OFA was amended on November 04, 2016, June 06, 2018, November 07, 2018, December 04, 2019 and July 13, 2020 increasing the maximum aggregate amount the Developer was allowed to advance to the District, which is currently \$456,421. The District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District. The contingent obligation bears simple interest at an annual interest rate equal to the lesser of (1) the current Bond Buyer 20-Bond GO Index plus 4% or (2) 8%. The OFA Agreement may be terminated by either (1) mutual agreement of the District and the Developer or (2) the District's repayment of all cash advances received from the Developer plus accrued interest. On December 31, 2057, any amount of principal and accrued interest outstanding under the OFA shall be deemed to be forever discharged and satisfied in full.

Facilities Funding and Reimbursement Agreement (FFRA). On July 08, 2016, the District entered into a Facilities Funding and Reimbursement Agreement (FFRA) with the Developer. Previously, High Prairie Polo Club Metropolitan District No. 1 (District No. 1) issued an \$8,000,000 promissory note dated January 10, 2010 (Note) and entered into that certain Improvement Acquisition and Reimbursement Agreement dated January 10, 2010 with High Prairie Polo Construction Company, Inc. (IARA). The District adopted Resolution 2016-07-04 Acknowledging the Dissolution of High Prairie Polo Club Metropolitan District No. 1, which states that the District will assume any and all obligations of District No. 1, and perform all functions listed under the Service Plan, including the responsibility of reimbursement under the IARA and the Note.

Pursuant to the FFRA, the Developer acknowledged the termination and extinguishment of the IARA and the Note as of the date of the FFRA. The FFRA provides that the District will reimburse the Developer for: (1) any advances made to the District for construction of Improvements and construction-related expenses associated with the costs of Improvements to be provided by the District for fiscal years 2016 through 2018, up to \$4,500,000, together with simple interest at the rate of the current Bond Buyer 20-Bond GO Index plus four percent (4%), up to a maximum of 8% per annum (Developer Advances); and (2) the principal formerly due under the Note, in the amount of \$5,926,812 (Initial Construction Advances), together with interest at the same rate of the Developer Advances beginning from January 11, 2016 until paid.

Under the FFRA, the District and Developer agreed that the payments by the District to the Developer shall credit first against accrued and unpaid interest due on Developer Advances, and then to the principal amount due on Developer Advances, and then to accrued and unpaid interest on the Initial Construction Advances, and then to the principal amount due on the Initial Construction Advances. In the event the District has not reimbursed the Developer for any Developer Advances or Initial Construction Advances, plus any accrued and unpaid interest, by December 31, 2056, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. The FFRA provides that the obligations under the FFRA shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year obligation, and the making of any reimbursement thereunder shall be at all times subject to annual appropriation by

the District.

IV. Service Plan

a) List and description of services authorized in the Service Plan

- Construction of public improvements
- Enforcement of the Amended and Restated Declaration of Protective Covenants and Easements of Two Bridges (Recorded at reception #2017067682 on October 04, 2017)
- Maintenance of entrance monumentation
- Maintenance of facade improvements attached to the bridges (County maintains the bridge structures – except for the façade improvements attached to such bridges)
- Maintenance and operation of the following public facilities serving the District:
 - Storm water sewer system
 - Traffic control and street safety protection facilities
 - Parks and open spaces
 - Television relay and translator facilities
 - Mosquito control
 - Security services (not otherwise provided by the County Sheriff's Department)

b) List and description of facilities authorized in the Service Plan

- Storm water sewer system
- Streets
- Traffic safety protection devices
- Parks and open spaces
- Television relay and translator facilities
- Mosquito control facilities

c) List and description of any extraterritorial services, facilities and agreements

None

V. Development Progress

a) Indicate the estimated year of build-out, as set forth in the Service Plan

59 of the 60 platted homes within this District were constructed and sold by the home builder (Lokal Homes, LLC) to homeowners between March 2017 and October 2022. One home lot remains under construction.

b) List the services provided with the date service began compared to the date authorized by the Service Plan

The District started providing residents with the following services beginning in 2017:

- Enforcement of the Amended and Restated Declaration of Protective Covenants and Easements of Two Bridges (Recorded at reception #2017067682 on October 04, 2017)
- Maintenance of entrance monumentation
- Maintenance of facade improvements attached to the bridges (County maintains the bridge structures – except for the façade improvements attached to such bridges)
- Weekly trash pick-up services
- Maintenance and operation of the following public facilities serving the District:
 - Storm water sewer system
 - Parks and open spaces
 - Security services (not otherwise provided by the County Sheriff's Department)

- c) List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented

None

- d) List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan

None

- e) List facilities not completed. Indicate the reason for incompleteness and provide a revised schedule, if any.

None

- f) List facilities currently under construction with the percentage complete and an anticipated date of completion.

None

- g) Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years.

The Service Plan contemplates that the estimated population at build-out is one hundred fifty (150) residents (based upon an estimated 2.5 persons per residence).

The District's current estimated population of 236 is based on 4 residents per household and 59 occupied homes. The only expected change to the population will occur when the 60th house is contracted an occupied.

- h) List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan:

The District is platted for 60 home lots and no commercial or industrial property. As of October 2022, 59 of 60 homes have been constructed and sold to homeowners. One home lot currently remains undeveloped.

- i) List any enterprises created by and/or operated by or on behalf of the District, and summarize the purpose of each:

None

VI. Financial Plan and Financial Activities

- a) Provide a copy of the audit or exemption from the audit for the reporting year

See Exhibit A

- b) Provide a copy of the budget, showing the reporting and previous years

See Exhibit B

- c) Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation)

	(Audited) 2019	(Audited) 2020	(Audited) 2021	(Audited) 2022	(Audited) 2023	(Audited) 2024	(Budget) 2025
Revenues							
Property Tax Revenue	\$ 93,264	\$ 154,175	\$ 177,630	\$ 263,320	\$ 238,597	\$ 333,567	\$ 350,100
Specific Ownership Taxes	9,355	13,299	17,177	23,286	22,126	24,838	26,300
Maintenance Fees	21,595	47,339	93,880	114,135	144,000	108,000	107,000
Interest Income	18,732	7,234	8,070	9,619	21,545	27,783	24,500
Developer contributions	94,545	37,052	-	-	-	-	-
Other Revenues	-	-	-	46,634	6,502	4,251	6,000
Total Revenues	\$ 237,491	\$ 259,099	\$ 296,757	\$ 456,994	\$ 432,770	\$ 498,439	\$ 513,900
Expenditures							
General and admin	\$ 106,852	\$ 85,977	\$ 79,760	\$ 85,742	\$ 61,839	\$ 84,968	\$ 83,500
Open space maintenance	32,530	40,941	44,664	30,933	26,718	36,051	65,300
Trash pick-up services	480	5,013	6,048	10,435	11,147	13,330	14,300
Other services	10,317	849	22,464	43,927	44,329	23,505	21,800
Debt payments	180,844	180,844	180,844	190,844	210,281	213,594	216,700
Capital projects	-	-	-	-	-	-	-
Total Expenses	\$ 331,023	\$ 313,624	\$ 333,780	\$ 361,881	\$ 354,314	\$ 371,448	\$ 401,600
Net Increase (Decrease) in Fund Balance	\$ (93,532)	\$ (54,525)	\$ (37,023)	\$ 95,113	\$ 78,456	\$ 126,991	\$ 112,300

- d) List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired

The District issued Senior Bonds and Subordinate Bonds in August 2018. See Note 6 in the annual audited financial statements at [Exhibit B](#) for details regarding these bonds.

- e) List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued

N/A – On November 07, 2023, 103 of the District’s electors voted in an election (1) approving by a margin of 94% to eliminate all of the District’s remaining unused voter-authorized borrowing power and (2) approving by a margin of 96% to eliminate the District’s voter authority to enter into multiple fiscal year financial obligations with other entities.

- f) List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan

See Note 6 in the annual audited financial statements at [Exhibit B](#)

- g) Enterprises of the District

None

- h) Detail contractual obligations

- i. Describe the type of obligation, current year dollar amount, and any changes in the payment schedule, e.g. balloon payments

None

The District entered into two contingent obligation agreements with the Developer (as described in III.b of this Annual Report). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. These contingent obligation agreements are not transferrable to third parties. The contingent obligations of the District contemplated in these two agreements are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution.

- ii. Report any inability of the District to pay current obligations that are due within the current budget year

N/A

- iii. Describe any District financial obligations in default

N/A

i) Actual and Assessed Valuation History

- i. Report the annual actual and assessed valuation for the current year and for each of seven (7) years prior to current year

See "Summary of Assessed Valuation, Mill Levy and Property Taxes Collected" Schedule in the Supplementary Information section of the District's annual financial statements (Exhibit B)

- ii. For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value.

Note: Lokal (the builder and land owner) inflated its sales price targets of the 60 homes when submitting to the County the 2017 Service Plan modification. Per the Financial Plan attached to the 2017 Service Plan, Lokal asserted that completed home lots would sell in the range of \$1.3 million to \$1.4 million. However, nearly all homes sold at prices less than this price projection range with several homes selling in the mid-\$800,000 range starting in 2017 (the year in which Lokal submitted the Service Plan and related Financial Projection).

Assessed Value of Property				
Year	Actual	Per Service Plan**		Difference
		Actual	Adjusted	
2019	\$ 1,434,840	\$ 2,353,329	\$ 2,128,639	(\$ 693,799)
2020	\$ 2,359,300	\$ 3,944,438	\$ 3,543,050	(\$ 1,183,750)
2021	\$ 2,725,820	\$ 5,612,243	\$ 5,041,138	(\$ 2,315,318)
2022	\$ 4,029,530	\$ 6,784,331	\$ 6,093,954	(\$ 2,064,424)
2023	\$ 3,572,350	\$ 6,847,825	\$ 5,978,893	(\$ 2,406,543)
2024	\$ 4,788,500	\$ 6,984,782	\$ 5,879,116	(\$ 1,090,616)
2025	\$ 4,791,780	\$ 6,984,782	\$ 5,619,796	(\$ 828,016)

** - Adjusted to offset legislative changes to the calculation of taxable value of property

j) Mill Levy History

- i. Report the annual mill levy for the current year and for each of the seven (7) years prior to current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance)

See "Summary of Assessed Valuation, Mill Levy and Property Taxes Collected" Schedule in the Supplementary Information section of the District's annual financial statements (Exhibit B)

- ii. For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the actual mill levies

Per Exhibit F to the 2017 Service Plan, the estimated mill levies to fund the District's General Fund and Debt Fund was 20 mills and 45 mills, respectively, prior to any adjustments to such mill levies to offset legislative changes to the calculation of taxable value of property.

	Operations Mill Levy			Debt Mill Levy		
	Actual	Per Service Plan**	Difference	Actual	Per Service Plan**	Difference
2019	15.250	22.111	-6.861	49.750	49.750	0.000
2020	15.250	22.266	-7.016	50.098	50.098	0.000
2021	15.250	22.266	-7.016	50.098	50.098	0.000
2022	15.250	22.266	-7.016	50.098	50.098	0.000
2023	15.250	22.907	-7.657	51.540	51.540	0.000
2024	15.788	23.761	-7.973	53.463	53.463	0.000
2025	17.133	24.858	-7.725	55.930	55.930	0.000

** - 20 mills adjusted to offset legislative changes to the calculation of taxable value of property	** - 45 mills adjusted to offset legislative changes to the calculation of taxable value of property
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k) Miscellaneous Taxes History

N/A – The District only levies a general and operating levy on property within the District.

- l) Estimated Assessed Valuation of District at 100% Build-Out - Provide an updated estimate and compare this with the Service Plan estimate

The District is currently 98% built out (59 of 60 homes were constructed by the end of October 2022). Per the 2025 Budget, total taxable value of all land within the District was \$4,791,780 which is **68% LESS than** the estimated assessed value of the District at full build-out in 2024 (\$6,984,782) per the 2017 Service Plan.

- m) Estimated Amount of Additional General Obligation Debt to be issued by the District between the End of Current Year and 100% Build-Out. Provide an updated estimate based on current events. Do not include refunding bonds

N/A – The District is 100% built out.

Exhibit A

District's 2025 Adopted Budget, Certified Mill Levy and 2024 Assessed Valuation

BUDGET MESSAGE

Two Bridges Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 10, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Douglas County (County) on September 15, 2009. The District's service area is located in Franktown, Colorado entirely within the boundaries of the County and is comprised of 60 single family homes on the south side of Bayou Gulch Road approximately 2 miles east of S Parker Road. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

For the collection year 2025, the District adopted a mill levy of 17.133 for operations and 55.930 for debt service, with a total budget of \$350,100. The District's assessed taxable valuation increased \$3,280 (or 0.06%) to \$4,791,780 from the prior year. \$2,870 of the valuation increase is related to new construction.

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

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

CERTIFICATION OF BUDGET FOR
TWO BRIDGES METROPOLITAN DISTRICT

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Two Bridges Metropolitan District, for the budget year ending December 31, 2025, as adopted on October 06, 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Two Bridges Metropolitan District in Douglas County, Colorado, this 4th day of December 2024.

DocuSigned by:

Korin Barr

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Korin Barr, President



TWO BRIDGES

METROPOLITAN DISTRICT

FRANKTOWN
DOUGLAS COUNTY, COLORADO

2025 Budget

(Adopted on October 07, 2024)



8354 Northfield Blvd
Building G, Suite 3700
Denver, Colorado 80238
Telephone (720) 541-7725

Accountant's Report

Board of Directors
Two Bridges Metropolitan District
Franktown, Colorado

The accompanying forecasted budget of revenues, expenditures and fund balances of the Two Bridges Metropolitan District for the General Fund, Debt Service Fund and Capital Project Fund for the year ending December 31, 2025 and the forecasted estimate of comparative information for the year ending December 31, 2024 were not subjected to an audit, review, or compilation engagement by me and, accordingly, I do not express an opinion, a conclusion, nor provide any assurance on them.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

A handwritten signature in black ink that reads "Charles Wolfersberger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Charles Wolfersberger, CPA
District Manager
Henderson, CO

TWO BRIDGES METROPOLITAN DISTRICT
SUMMARY
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 454,756	\$ 533,212	\$ 677,600
REVENUES			
Property taxes	238,597	339,900	350,100
Specific ownership taxes	22,126	25,500	26,300
Maintenance fees	144,000	107,000	107,000
ARC review fees	3,750	1,000	1,000
Land lease income	2,502	4,500	4,500
Covenant violation fine income	100	500	500
Reimb expenses – collection costs	150	-	-
Interest income	21,545	26,588	24,500
Total Revenues	432,770	504,988	513,900
OTHER FINANCING SOURCES			
Transfers from General Fund	30,000	30,000	30,000
Total Funds Available	917,526	1,068,200	1,221,500
EXPENDITURES			
General and administration	53,073	65,800	71,900
Landscaping maintenance	26,718	38,400	65,300
Trash pick-up services	11,147	13,300	14,300
Other expenses	25,263	19,500	21,800
Debt service			
a) Bond principal – 2018A Senior Bonds	30,000	35,000	40,000
b) Bond interest – 2018A Senior Bonds	180,281	178,600	176,700
c) Direct and indirect collection costs	8,766	10,000	11,600
Infrastructure improvements	-	-	-
Total Expenditures	354,314	360,600	401,600
OTHER FINANCING USES			
Transfers to capital project fund	30,000	30,000	30,000
Total expenditures and transfers out requiring appropriation	384,314	390,600	431,600
ENDING FUND BALANCE	\$ 533,212	\$ 677,600	\$ 789,900
EMERGENCY EXPENSE RESERVE	\$ 5,200	\$ 5,900	\$ 5,200
TOTAL DEBT RESERVES	386,708	469,300	549,100
TOTAL RESTRICTED FUNDS	\$ 391,908	\$ 475,200	\$ 554,300

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

	ADOPTED 2023	ADOPTED 2024	ADOPTED 2025
ASSESSED VALUATION – DOUGLAS COUNTY			
Residential			\$ 4,621,630
Vacant Land			120,950
Personal Property			49,200
Certified Taxable Value	\$ 3,572,350	\$ 4,788,500	\$ 4,791,780
MILL LEVY			
General Fund	15.250	15.788	17.133
Debt Service Fund	51.540	53.463	55.930
Total Mill Levy	66.790	69.251	73.063
PROPERTY TAXES			
General Fund	\$ 54,400	\$ 75,600	\$ 82,100
Debt Service Fund	184,100	256,000	268,000
Total Property Tax Revenue	\$ 238,500	\$ 331,600	\$ 350,100

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 71,473	\$ 116,504	\$ 148,300
REVENUES			
Property taxes	54,478	77,500	82,100
Specific ownership taxes	5,052	5,800	6,200
Maintenance fees (\$200/mo; \$150/mo; \$150/mo)	144,000	107,000	107,000
ARC review fee income	3,750	1,000	1,000
Interest income	266	2,496	2,000
Land lease income	2,502	4,500	4,500
Covenant fine violation income	100	500	500
Reimb expenses - collection costs	150	-	-
Total Revenues	210,298	198,796	203,300
Total Funds Available	281,771	315,300	351,600
EXPENDITURES			
General and administration	72,139	65,800	71,900
Landscaping maintenance	26,718	38,400	65,300
Weekly trash pick-up services	11,147	13,300	14,300
Other district expenses	25,263	19,500	21,800
Total Expenditures	135,267	137,000	173,300
OTHER FINANCING USES AND TRANSFERS IN/OUT			
Transfers to the Capital Project Fund	30,000	30,000	30,000
Total expenditures and financing (sources) uses requiring appropriation	165,267	167,000	203,300
ENDING FUND BALANCE	\$ 116,504	\$ 148,300	\$ 148,300
EMERGENCY EXPENSE RESERVE	\$ 5,200	\$ 5,900	\$ 5,200

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND EXPENDITURE DETAILS
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 35,300	\$ 36,000	\$ 36,000
Administrative costs	2,202	2,500	2,500
Audit fees	6,600	8,500	8,500
Collection fees – County Treasurer	818	1,200	1,300
Board of Directors’ fees	-	-	-
Election management services	19,066	-	5,000
Insurance	7,544	6,600	7,600
Legal fees – general	609	10,000	8,000
Contingency	-	1,000	3,000
Total General and Administration	\$ 72,139	\$ 65,800	\$ 71,900
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 23,413	\$ 24,400	\$ 26,100
Street mowing – east to west bridge	-	1,500	1,500
Detention pond maintenance	-	3,700	5,500
Sprinkler repairs	1,785	2,000	2,500
Electricity	1,370	1,800	1,800
Grounds improvements	-	-	25,900
Miscellaneous landscape expenses	150	5,000	2,000
Total Landscaping Maintenance	\$ 26,718	\$ 38,400	\$ 65,300
OTHER DISTRICT EXPENSES			
Covenant control services	\$ 5,779	\$ 7,500	\$ 7,500
Covenant enforcement – postage/other costs	-	500	700
Traffic management service costs	4,800	-	-
Seasonal decorations	1,602	500	500
Property insurance	9,522	10,500	11,600
Community mailbox maintenance	353	-	1,000
Monument sign maintenance	3,207	500	500
Total Other District Expenses	\$ 25,263	\$ 19,500	\$ 21,800

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 383,283	\$ 386,708	\$ 469,300
REVENUES			
Property taxes	184,119	262,400	268,000
Specific ownership taxes	17,074	19,700	20,100
Net investment income	21,279	24,092	20,000
Total Revenues	222,472	306,192	308,100
Fund transfers in	-	-	-
Total Funds Available	605,755	692,900	777,400
EXPENDITURES			
Bond principal – 2018A Series Bonds	30,000	35,000	40,000
Bond interest – 2018A Series Bonds	-	178,600	176,700
Bond principal – 2018B Series Bonds	180,281	-	-
Bond interest – 2018B Series Bonds	-	-	-
Direct collection expenses	8,766	10,000	11,600
Total Expenditures	219,047	223,600	228,300
OTHER FINANCING USES AND TRANSFERS OUT			
Fund transfers out	-	-	-
Total expenditures and financing uses requiring appropriation	219,047	223,600	228,300
ENDING FUND BALANCE	\$ 386,708	\$ 469,300	\$ 549,100
RESERVE FUND	\$ 269,000	\$ 269,000	\$ 269,000
SURPLUS FUND	117,708	200,300	280,100
TOTAL DEBT RESERVE	\$ 386,708	\$ 469,300	\$ 549,100

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF DIRECT COLLECTION EXPENSES
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
DIRECT COLLECTION EXPENSES			
Collection fees – County Treasurer	\$ 2,766	\$ 4,000	\$ 4,100
Bond paying agent fees	6,000	6,000	6,000
Other costs	-	-	1,500
Total Direct Collection Expenses	\$ 8,766	\$ 10,000	\$ 11,600

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ -	\$ 30,000	\$ 60,000
REVENUES			
Interest income	-	-	2,500
Other revenue	-	-	-
Total Revenues	-	-	2,500
OTHER FINANCING SOURCES			
Transfers in from other funds	30,000	30,000	30,000
Total Funds Available	30,000	30,000	92,500
EXPENDITURES			
Capital project expenses	-	-	-
Total Expenditures	-	-	-
OTHER FINANCING USES AND TRANSFERS OUT			
Transfers to other funds	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ 30,000	\$ 60,000	\$ 92,500

This financial information should be read only in connection with the summary of significant assumptions.

TWO BRIDGES METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Two Bridges Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 10, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Douglas County (County) on September 15, 2009 and amended and restated with County approval on November 7, 2017. The District's service area is located in Franktown and is comprised of 60 single family homes on the south side of Bayou Gulch Road approximately 2 miles east of S Parker Road. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

Accounting Basis

The District prepares its budget on the modified accrual basis of accounting.

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.

On November 08, 2016, District voters authorized the District to assess property taxes at no more than \$14 million annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TWO BRIDGES METROPOLITAN DISTRICT 2025 BUDGET SUMMARY OF SIGNIFICANT ASSUMPTIONS

The District's Service Plan establishes a Maximum Total Mill levy the District is permitted to impose on taxable property within the District for the payment of debt and operations. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Total Mill Levy is 65 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016. As of January 01, 2016, the ratio was 7.96%. The ratio for 2025 is 6.700% with a \$55,000 valuation exemption per residential lot, which caused the Required Mill Levy for debt service for 2025 to be 80.787¹.

The 2018 Bonds issued by the District establishes a Maximum Debt Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 45 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016. As of January 01, 2016, the ratio was 7.96%. The ratio for 2025 is 6.700% with a \$55,000 valuation exemption per residential lot, which caused the Required Mill Levy for debt service for 2025 to be 55.930².

For the collection year 2025, the District adopted a mill levy of 17.133 for operations and 55.930 for debt service. The calculation is reflected on page 2 of the budget. The District's 2025 adopted mill levy for general operations is expected to generate approximately \$82,100 in property tax revenue, which is less than the \$14 million annual property tax revenue limit established by the voters.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. The 2025 budget projects the District's share of specific ownership taxes received from the State will be equal to approximately 7.5% of total property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Operations Fee

On October 28, 2020, the District adopted the Second Amended and Restated Resolution Concerning the Imposition of an Operations Fee. The Operations Fee for 2023, 2024 and 2025 is \$200/month, \$150/month and \$150/month. The Operations Fee for each undeveloped lot remains at \$65/month. Currently, 59 of the 60 home lots within the District are developed.

¹ 80.787 mills = $\left[\left(\frac{\$4,791,780}{6.7\%} + (\$55,000 \times 60 \text{ lots}) \right) \times 7.96\% \times (65 \text{ mills} / 1,000) \right] / \$4,791,780$

² 55.930 mills = $\left[\left(\frac{\$4,791,780}{6.7\%} + (\$55,000 \times 60 \text{ lots}) \right) \times 7.96\% \times (45 \text{ mills} / 1,000) \right] / \$4,791,780$

TWO BRIDGES METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.50%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and board meeting expenses.

County Treasurer's Fees

Douglas County Treasurer's collection fees are fixed by Colorado statute at 1.5% of property taxes collected.

Landscaping Maintenance Expenditures

Landscape maintenance expenditures include the estimated services necessary to maintain District-owned open spaces within the High Prairie International Polo Club subdivision. The District owns and maintains approximately 291 acres of open space land (primarily native open space) situated across 11 land tracts throughout the 60-home neighborhood.

Other District Costs

"Other District Costs" includes the cost of providing services such as covenant enforcement and architectural review services.

Debt Costs

Debt costs include principal and interest due on the District's debt obligations, agent fees paid to the bond trustee, property tax collection fees paid to the County Treasurer and direct collection costs necessary to service the District's debt obligations.

Debt and Leases

Series 2018A Bonds

On August 23, 2018, the District issued \$3,215,000 General Obligation Limited Tax, Series 2018 (the Senior Bonds). The Senior Bonds were issued as one term bond that bears interest at 5.625%, and is payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2048.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

TWO BRIDGES METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Amounts on deposit in the Senior Reserve Fund and, prior to the Conversion Date, amounts on deposit in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Senior Reserve Amount of \$269,000.

The District's debt service schedule for its Senior Bonds is provided on page 13.

Series 2018B Subordinate Bonds

On August 23, 2018, the District issued \$508,000 Subordinate General Obligation Limited Tax, Series 2018 (the Subordinate Bonds). The Subordinate Bonds were issued at the rate of 7.875% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 16, 2058. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 16, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

No payments on the 2018B Bonds are permitted to be made until (a) the Surplus Fund reaches the Maximum Surplus Amount in the amount of \$321,500 established pursuant to the 2018 Senior Indenture, and (b) annual debt service on the 2018 Senior Bonds and any obligations issued on parity therewith are paid in full.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
and
- c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Leases

The District has no operating or capital leases.

TWO BRIDGES METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Reserve Funds

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending, excluding spending appropriations for bonded debt service for 2025 as defined under TABOR.

Series 2018 Senior Bonds – Reserve Fund

The Series 2018 Senior Reserve Fund was established as additional security for the Senior Bonds and is used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The District is required to maintain this reserve at a balance of \$269,000. Any withdrawals from this fund will be repaid in the following year from any remaining Senior Pledged Revenue net of annual payments due that year on the Senior Bonds.

The District anticipates the Senior Reserve Fund will remain fully funded in 2025.

Series 2018 Senior Bonds – Surplus Fund

The Series 2018 Senior Surplus Fund was established as additional security for the Senior Bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The Surplus Fund is funded solely from Senior Pledged Revenue remaining after annual payments on the Senior Bonds are fully satisfied and the Reserve Fund is fully funded. In accordance with the 2018 Bond Indenture, the Senior Surplus Fund will be funded up to the Maximum Surplus Amount of \$321,500.

The District anticipates the balance in the Surplus Fund will increase to \$280,100 in 2025.

TWO BRIDGES METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

The District's repayment schedule for its Series 2018A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Total
2025	\$ 40,000	\$ 176,625	\$ 216,625
2026	45,000	174,375	219,375
2027	45,000	171,844	216,844
2028	55,000	169,313	224,313
2029	55,000	166,219	221,219
2030	65,000	163,125	228,125
2031	70,000	159,469	229,469
2032	75,000	155,531	230,531
2033	80,000	151,313	231,313
2034	90,000	146,813	236,813
2035	95,000	141,750	236,750
2036	105,000	136,406	241,406
2037	110,000	130,500	240,500
2038	120,000	124,313	244,313
2039	130,000	117,563	247,563
2040	140,000	110,250	250,250
2041	150,000	102,375	252,375
2042	160,000	93,938	253,938
2043	170,000	84,938	254,938
2044	185,000	75,375	260,375
2045	195,000	64,969	259,969
2046	215,000	54,000	269,000
2047	225,000	41,906	266,906
2048	520,000	29,250	549,250
	\$ 3,140,000	\$ 2,942,160	\$ 6,082,160

The original face value of these bonds totaled \$3,215,000. The interest rate on the bonds is 5.625% and the bonds are payable each year on June 1st and December 1st. Principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2018B Subordinate Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

**TWO BRIDGES METROPOLITAN DISTRICT
RESOLUTION TO ADOPT 2025 BUDGET**

WHEREAS, the Board of Directors (“Board”) of Two Bridges Metropolitan District (“District”) has appointed its District Manager to prepare and submit a proposed 2025 budget to the Board at the proper time; and

WHEREAS, the District Manager has submitted the proposed budget to the Board for its consideration prior to October 15; and

WHEREAS, upon due and proper notice, posted in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on October 7, 2024, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“TABOR”) and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Two Bridges Metropolitan District:

1. That estimated expenditures and fund transfers for each fund are as follows:

General Fund	\$ 203,300
Debt Service Fund	228,300
Capital Project Fund	-

2. That estimated revenues for each fund are as follows:

General Fund:	
From unappropriated surpluses	\$ 148,300
From sources other than general property tax	121,200
From fund transfers	-
From general property tax	82,100
Subtotal	\$ 351,600

Debt Service Fund:	
From unappropriated surpluses	\$ 469,300
From sources other than general property tax	40,100
From fund transfers	-
From general property tax	268,000
Subtotal	\$ 777,400

Capital Project Fund:	
From unappropriated surpluses	\$ 60,000
From sources other than general property tax	2,500
From fund transfers	30,000
From general property tax	-
Subtotal	\$ 92,500

3. That the budget, as submitted and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of Two Bridges Metropolitan District for the 2025 calendar year.

4. That the budget, as hereby approved and adopted, shall be certified by the District Manager to all appropriate agencies and is made a part of the public records of the District.

TO SET MILL LEVIES

WHEREAS, the amount of tax revenues necessary to balance the budget for general operating expenses is \$82,100; and

WHEREAS, the amount of tax revenues necessary to balance the budget for debt service expenses is \$268,000; and

WHEREAS, the 2024 valuation for assessment of the District, as certified by the County Assessor, is \$4,791,780.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Two Bridges Metropolitan District:

1. That for the purpose of meeting all general operating expenses of the District during the 2025 budget year, there is hereby levied a property tax of 17.133 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$82,100.

2. That for the purpose of meeting debt obligations and costs of the District during the 2025 budget year, there is hereby levied a property tax of 55.930 mills upon each dollar of the total valuation for assessment of all taxable property within the District to raise \$268,000.

3. That the District Manager is hereby authorized and directed to immediately certify to the County Commissioners of Douglas County, Colorado, the mill levies for the District as hereinabove determined and set.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision in the budget for revenues in an amount equal to the total proposed expenditures as set forth therein; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Two Bridges Metropolitan District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

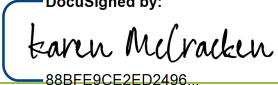
General Fund	\$ 203,300
Debt Service Fund	228,300
Capital Project Fund	-

Adopted this 07th day of October 2024.

TWO BRIDGES METROPOLITAN
DISTRICT

ATTEST:

By:  DocuSigned by:
3E0D3814F2D145E...
Korin Barr, President

By:  DocuSigned by:
88BFE9CE2ED2496...
Karen McCracken, Treasurer

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: The County Commissioners of DOUGLAS COUNTY, Colorado

On behalf of the TWO BRIDGES METROPOLITAN DISTRICT

(taxing entity)

the BOARD OF DIRECTORS

(governing body)

of the TWO BRIDGES METROPOLITAN DISTRICT

(local government)

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of:

\$ 4,791,780

(GROSS assessed valuation, Line 2 of the Certification of Valuation Form DLG 57)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area, the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 4,791,780

(NET assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/02/2024 for the budget/fiscal year 2025
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)

LEVY

REVENUE

1.	General Operating Expenses	<u>17.133</u>	mills	<u>\$ 82,098</u>
2.	<Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	<u>n/a</u>	mills	<u>n/a</u>
	SUBTOTAL FOR GENERAL OPERATING:	<u>17.133</u>	mills	<u>\$ 82,098</u>
3.	General Obligation Bonds and Interest	<u>55.930</u>	mills	<u>268,004</u>
4.	Contractual Obligations	<u>n/a</u>	mills	<u>n/a</u>
5.	Capital Expenditures	<u>n/a</u>	mills	<u>n/a</u>
6.	Refunds/Abatements	<u>n/a</u>	mills	<u>n/a</u>
7.	Other (specify):	<u>n/a</u>	mills	<u>n/a</u>

TOTAL:

Sum of General Operating
Subtotal and Lines 3 to 7

73.063

mills

\$ 350,102

Contact person:
(print)

Charles Wolfersberger

Daytime
phone:

(720) 541-7725

Signed:

Charles Wolfersberger

Title:

District Manager

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS:

- | | | |
|-------|-------------------|--|
| 1. | Purpose of Issue: | <u>Funding the construction of public infrastructure within the District</u> |
| | Series: | <u>\$3,215,000 GO Limited Tax Bonds, Series 2018A</u> |
| | Date of Issue: | <u>August 23, 2018</u> |
| | Coupon Rate: | <u>5.625%</u> |
| | Maturity Date: | <u>August 01, 2048</u> |
| | Levy: | <u>55.930</u> |
| | Revenue: | <u>\$268,004</u> |
| <hr/> | | |
| 2. | Purpose of Issue: | <u>Funding the construction of public infrastructure within the District</u> |
| | Series: | <u>\$508,000 Subordinate GO Limited Tax Bonds, Series 2018B</u> |
| | Date of Issue: | <u>August 23, 2018</u> |
| | Coupon Rate: | <u>7.875%</u> |
| | Maturity Date: | <u>August 01, 2048</u> |
| | Levy: | <u>0.000</u> |
| | Revenue: | <u>\$0</u> |
| <hr/> | | |
| 3. | Purpose of Issue: | <u>n/a</u> |
| | Series: | <u>n/a</u> |
| | Date of Issue: | <u>n/a</u> |
| | Coupon Rate: | <u>n/a</u> |
| | Maturity Date: | <u>n/a</u> |
| | Levy: | <u>n/a</u> |
| | Revenue: | <u>n/a</u> |

CONTRACTS:

- | | | |
|----|----------------------|------------|
| 1. | Purpose of Contract: | <u>n/a</u> |
| | Title: | <u>n/a</u> |
| | Date: | <u>n/a</u> |
| | Principal Amount: | <u>n/a</u> |
| | Maturity Date: | <u>n/a</u> |
| | Levy: | <u>n/a</u> |
| | Revenue: | <u>n/a</u> |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Exhibit B

2024 Annual Financial Statements w Audit Opinion



TWO BRIDGES

METROPOLITAN DISTRICT



FINANCIAL STATEMENTS

As of and for the 12-month period ended
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Two Bridges Metropolitan District
Douglas County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Two Bridges Metropolitan District (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and 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 (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, 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 generally accepted auditing standards 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 generally accepted auditing standards, 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, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is 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 as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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



Castle Pines, Colorado
May 7, 2025

TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 111,740
Cash and investments – restricted	521,360
Accounts receivable	1,224
Specific ownership taxes receivable	2,227
Property taxes receivable	350,100
Prepaid expenses	28,627
Non-depreciable capital assets	656,655
Depreciable capital assets, net	1,495,957
Total Assets	3,167,890
LIABILITIES	
Accounts payable and accrued liabilities	-
Prepaid maintenance fees	4,975
Accrued interest payable	326,982
Current portion of general obligation refunding bonds	40,000
General obligation refunding bonds	3,608,000
Total Liabilities	3,979,957
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	350,100
Total Deferred Inflows of Resources	350,100
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	5,200
Debt service	457,879
Capital projects	60,000
Non-spendable	28,627
Unassigned:	(1,713,873)
Net Position (Deficit)	\$ (1,162,167)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	\$ (147,988)	\$ 112,251	\$ -	\$ -	\$ (35,737)
Interest and related costs on long-term debt	(248,333)		-	-	(248,333)
Capital project activities	(66,600)	-	-	-	(66,600)
	<u>\$ (462,921)</u>	<u>\$ 112,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(350,670)</u>
General Revenues					
Property taxes					333,567
Specific ownership taxes					24,838
Net investment income					27,783
Total general revenue					386,188
Change in net position					35,518
Net Position (Deficit) – Beginning of Year					(1,197,685)
Net Position (Deficit) – End of Year					\$ (1,162,167)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 111,740	\$ -	\$ -	\$ 111,740
Cash and investments - Restricted	5,200	456,160	60,000	521,360
Accounts receivable	1,224	-	-	1,224
Specific ownership taxes receivable	508	1,719	-	2,227
Property taxes receivable	82,100	268,000	-	350,100
Prepaid expenses	28,627	-	-	28,627
TOTAL ASSETS	\$ 229,399	\$ 725,879	\$ 60,000	\$ 1,015,278
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Prepaid maintenance fees	4,975	-	-	4,975
TOTAL LIABILITIES	4,975	-	-	4,975
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	82,100	268,000	-	350,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	87,075	268,000	-	355,075
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	5,200	-	-	5,200
Debt service	-	457,879	-	457,879
Capital projects	-	-	60,000	60,000
Non-spendable	28,627	-	-	28,627
Unrestricted	108,497	-	-	108,497
TOTAL FUND BALANCES	142,324	457,879	60,000	660,203
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 229,399	\$ 725,879	\$ 60,000	
Amounts reported for governmental activities in the statement of net position are different because:				
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds				
Land				656,655
Property, structures and equipment, net				1,495,957
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:				
General obligation bonds				(3,648,000)
Accrued interest payable				(326,982)
Net position of governmental activities				\$ (1,162,167)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	\$ 76,047	\$ 257,520	\$ -	\$ 333,567
Specific ownership taxes	5,663	19,175	-	24,838
Operations and maintenance fee - developed lots	108,000			108,000
Operations and maintenance fee - vacant lots	-			-
ARC review fees	1,700	-	-	1,700
Land lease income	1,504	-	-	1,504
Covenant violation fine income	600			600
Fine reversals	(150)			(150)
Reimb expenses - collection costs	597			597
Net investment income	9,847	17,936	-	27,783
Total Revenues	203,808	294,631	-	498,439
EXPENDITURES				
General and administration	75,102	-	-	75,102
Landscaping maintenance	36,051	-	-	36,051
Other district expenses	23,505	-	-	23,505
Trash removal expenses	13,330	-	-	13,330
Debt service				
Direct and indirect collection costs	-	9,866	-	9,866
Interest Expense - Series 2018A Bonds	-	178,594	-	178,594
Interest Expense - Series 2018B Bonds	-	-	-	-
Bond principal - 2018A Series Bonds	-	35,000	-	35,000
Major capital projects	-	-	-	-
Total Expenditures	147,988	223,460	-	371,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,820	71,171	-	126,991
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(30,000)	-	30,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	25,820	71,171	30,000	126,991
FUND BALANCES – BEGINNING	116,504	386,708	30,000	533,212
FUND BALANCES – END OF YEAR	\$ 142,324	\$ 457,879	\$ 60,000	\$ 660,203

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2024**

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

Net change in fund balances – Total government funds	\$	126,991
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal		35,000
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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 net capital outlay activity for the year:

Depreciation expense on property, structures and equipment		(66,600)
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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.

(Increase) / Decrease in accrued interest on 2018A bonds		-
(Increase) / Decrease in accrued interest on 2018B bonds		(59,873)

Changes in net position of governmental activities	\$	35,518
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 75,600	\$ 76,047	\$ 447
Specific ownership taxes	6,800	5,663	(1,137)
Operations and maintenance fee - developed lots	107,000	108,000	1,000
Operations and maintenance fee - vacant lots	-	-	-
ARC review fee income	1,500	1,700	200
Land lease income	9,000	1,504	(7,496)
Covenant violation fine income	-	600	600
Fine reversals	-	(150)	(150)
Reimb expenses - collection costs	-	597	597
Net investment income	100	9,847	9,747
Total Revenues	200,000	203,808	3,808
EXPENDITURES			
General and administration	66,300	75,102	(8,802)
Landscaping maintenance	58,700	36,051	22,649
Other district expenses	19,500	23,505	(4,005)
Weekly trash pick-up services	13,300	13,330	(30)
Total Expenditures	157,800	147,988	9,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,200	55,820	13,620
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	(30,000)	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	12,200	25,820	13,620
FUND BALANCE – BEGINNING OF YEAR	121,100	116,504	(4,596)
FUND BALANCE – END OF YEAR	\$ 133,300	\$ 142,324	\$ 9,024

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 36,000	\$ 38,100	\$ (2,100)
Administrative costs	2,000	2,531	(531)
Audit fees	7,000	8,500	(1,500)
Collection fees – County Treasurer	1,200	1,142	58
Board of Directors’ fees	-	-	-
Board training and conferences	3,000	-	3,000
Insurance	6,800	6,534	266
Legal fees	8,000	18,007	(10,007)
Indirect Cost Allocation	-	-	-
Contingency	2,300	288	2,012
Total General and Administration	\$ 66,300	\$ 75,102	\$ (8,802)
LANDSCAPING MAINTENANCE			
Ground maintenance fees	24,400	24,336	64
Tree maintenance & replacement	-	-	-
Sprinkler repairs	2,500	908	1,592
Sprinklers – electricity	1,800	1,547	253
Landscaping projects	20,000	-	20,000
Detention pond maintenance	6,500	9,260	(2,760)
Miscellaneous landscape costs	3,500	-	3,500
Total Landscaping Maintenance	\$ 58,700	\$ 36,051	\$ 22,649
OTHER DISTRICT EXPENSES			
Election management services	-	-	-
Covenant control services	7,500	5,893	1,607
Traffic management services	-	5,450	(5,450)
Seasonal decorations	500	250	250
Property insurance	10,000	10,448	(448)
Community mailbox maintenance	1,000	-	1,000
Monument sign maintenance	500	1,464	(964)
Total Other District Expenses	\$ 19,500	\$ 23,505	\$ (4,005)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2024

NOTE 1 – DEFINITION OF REPORTING ENTITY

Two Bridges Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 10, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Douglas County (County) on September 15, 2009 and amended and restated with County approval on November 7, 2017. The District's service area is located in Franktown and is comprised of 60 single family homes on the south side of Bayou Gulch Road approximately 2 miles east of S Parker Road. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

The District was originally organized under the name of High Prairie Polo Club Metropolitan District No. 2. The District changed its name to Two Bridges Metropolitan District, effective August 25, 2016.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership 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.

The District reports the following major governmental funds:

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

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

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

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District's Board of Directors 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 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.

Investments are carried at net asset value.

Property Taxes

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

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. For 2023, specific ownership taxes received from the State was equal to approximately 7.4% of total property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Land Lease Revenue

The District leases a certain land tract owned by the District to a third-party for farming use.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, on properties that the District deems to be in violation of the restrictive covenants provided in the Amended and Restated Declaration of Protective Covenants and Easements of Two Bridges filed with the Douglas County Clerk & Recorder's Office on October 04, 2017 at reception number 2017067682 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective properties. The District presents

reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2024 are comprised of property taxes due from Douglas County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

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 has 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 that 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.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

- 1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;
- 2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and
- 3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

Equity

Net Position

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

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a 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 policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments – unrestricted	\$ 111,740
Cash and investments – restricted	521,360
Total cash and investments	\$ 633,100

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

Deposits with financial institutions	\$ 95,586
Investments	537,514
Total cash and investments	\$ 633,100

Deposits with Financial Institutions

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

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

As of December 31, 2023, the District's cash deposits had a bank balance of \$93,786 and carrying balance of \$95,586.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2024, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 81,798
ColoTrust Plus+ (Colotrust)	Weighted Average Under 60 Days	455,716
		<u>\$ 537,514</u>

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$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. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAmmf by Fitch Group.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. 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. No limitations exist on the District's ability to withdraw funds invested in Colotrust. Colotrust is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2024, follows:

	Balance at Dec. 31, 2023	Additions	Dedications	Balance at Dec. 31, 2024	Accumulated Depreciation
East Bridge - Façade improvements	\$ 960,000	\$ -	\$ -	\$ 960,000	(\$ 184,743)
Monument sign	285,000	-	-	285,000	(42,750)
Fencing + stone columns	143,500	-	-	143,500	(43,050)
Community mailboxes	25,000	-	-	25,000	(2,490)
Storm water detention pond structures	395,000	-	-	395,000	(39,510)
Capital assets being depreciated, net	\$ 1,808,500	\$ -	\$ -	\$ 1,808,500	(\$ 312,543)

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

The Developer (defined in Note 9) owns two land tracts within the District totaling approximately 84.5 acres, which are zoned for residential use. The District owns 12 land tracts totaling 293.94 acres designated for public open space use and storm water management purposes. The District has recorded the public land at a nominal value of \$656,655 (or \$2,234/acre).

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
Series 2018A Bonds	\$ 3,175,000	\$ -	(\$ 35,000)	\$ 3,140,000	\$ 40,000
Accrued Interest – Series 2018A Bonds	14,818	178,595	(178,594)	14,819	14,819
Series 2018B Bonds	508,000	-	-	508,000	-
Accrued Interest – Series 2018B Bonds	252,290	59,873	-	312,163	-
Total	\$ 3,950,108	\$ 238,468	(\$ 213,594)	\$ 3,974,982	\$ 40,000

Details regarding the District's long-term obligations are as follows:

Series 2018A General Obligation Limited Tax Bonds (2018A Bonds)

On August 23, 2018, the District issued General Obligation Limited Tax Bonds, Series 2018A in the amount of \$3,215,000. The 2018A Bonds is comprised of one issue with a stated interest rate of 5.625% and a maturity date of August 1, 2048. The 2018A Bonds are payable semi-annually on June 1 and December 1.

The proceeds from the sale of the 2018A Bonds were used as follows:

Bond proceeds	\$	3,215,000
Less:		
Funds restricted for the Senior Reserve Fund	(	269,000)
Capitalized interest costs	(	320,495)
Underwriter's discount	(	64,300)
Legal, accounting and other costs of issuance	(	207,736)
Net bond proceeds available for funding costs of public improvements within and without the District	\$	2,353,469

The 2018A Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all fees, rates, tolls, penalties, and charges of a capital nature imposed by the District; and
- d) any other legally available amounts that the District may designate towards payment of the 2018A Bonds.

The 2018 Indenture of Trust Agreement for the 2018A Bonds establishes a Maximum Debt Mill levy the District is permitted to impose on taxable property within the District to fund the repayment of the 2018A Bonds. The Maximum Debt Mill Levy is 45 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016 – at which time, the ratio was 7.96%. The ratio for the 2024 collection year was 6.70%, which causes the District's Maximum Debt Mill Levy for debt service for 2024 to be 53.463.

Amounts on deposit in the Senior Reserve Fund and the Senior Surplus Fund also secure payment of the Senior Bonds. After payment of any amounts due on the Senior Bonds, any remaining Senior Pledged Revenue, if any, is to be used to (1) fund the Reserve Fund up to the Reserve Requirement of \$269,000 and then (2) fund the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$321,500. Any Senior Pledged Revenue remaining after fully funding the Reserve Fund and the Surplus Fund ("Excess Senior Pledged Revenue") is to be applied towards the repayment of the 2018B Bonds. As of December 31, 2024, the cash balance held in the Reserve Fund and the Senior Surplus Fund was \$269,935 and \$182,452, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 1, 2024, to November 30, 2025	2.0%	\$ 64,100
December 1, 2025, to November 30, 2026	1.0%	\$ 32,050
December 1, 2026, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the 2018A Bonds mature as follows:

	Principal	Interest	Total
2025	\$ 40,000	\$ 176,625	\$ 216,625
2026	45,000	174,375	219,375
2027	45,000	171,844	216,844
2028	55,000	169,313	224,313
2029	55,000	166,219	221,219
2030 - 2034	380,000	776,251	1,156,251
2035 - 2039	560,000	650,532	1,210,532
2040 - 2044	805,000	466,876	1,271,876
2045-2048	1,155,000	190,125	1,345,125
Total	\$ 3,140,000	\$ 2,942,160	\$ 6,082,160

The District's detail debt service schedule for its Senior Bonds is provided on page 27.

Series 2018B Subordinate General Obligation Limited Tax Bonds (2018B Bonds)

On August 23, 2018, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2018B in the amount of \$508,000. The stated interest rate on the 2018B Bonds is 7.875% per annum, and the 2018B Bonds are payable annually on December 15, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on August 01, 2048. The 2018B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2018B Bonds compounds annually on each December 15. In the event any amounts due and owing on the 2018B Bonds remain outstanding on December 16, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the 2018B Bonds were used as follows:

Bond proceeds	\$ 508,000
Less:	
Underwriter's discount	(15,240)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 492,760

The 2018B Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Required Subordinate Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Required Subordinate Mill Levy);
- c) any Excess Senior Pledged Revenue;
- d) any other legally available amounts that the District may designate towards payment of the Subordinate Bonds.

The 2018B Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2024, to December 14, 2025	2.0%	\$ 10,160
December 15, 2025, to December 14, 2026	1.0%	\$ 5,080
December 15, 2026, and thereafter	0.0%	\$ -

Events of Default – Series 2018 Bonds

The following events are considered events of default under the 2018 bond indentures of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) 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 thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Indenture of Trust and remitted all Pledged Revenues to the Trustee. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – TABOR

On November 07, 2023, 103 of the District’s electors voted in an election (1) approving by a margin of 94% to eliminate all of the District’s remaining unused voter-authorized borrowing power and (2) approving by a margin of 96% to eliminate the District’s voter authority to enter into multiple fiscal year financial obligations with other entities.

Debt Authorization – Service Plan

The District’s Amended and Restated Service Plan authorizes the District to issue up to \$8 million in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2016 – at which time, the ratio was 7.96%. The ratio for the 2024 collection year was 6.70%, which causes the District’s Maximum Debt Mill Levy for debt service for 2024 to be 59.403.

As of December 31, 2024, total remaining debt issuance authorization under the District’s Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 8,000,000
Less:	
2018A Bonds	(3,215,000)
2018B Bonds	(508,000)
Unused, authorized debt issuance	\$ 4,277,000

NOTE 7 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation

agreements with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. These contingent obligation agreements are not transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2024:

Operations Funding Agreement (OFA). On July 08, 2016, the District and the Developer entered into an Operation Funding Agreement (OFA) pursuant to which the Developer agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The OFA was amended on November 04, 2016, June 06, 2018, November 07, 2018, December 04, 2019 and July 13, 2020 increasing the maximum aggregate amount the Developer was allowed to advance to the District, which is currently \$456,421. The District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District. The contingent obligation bears simple interest at an annual interest rate equal to the lesser of (1) the current Bond Buyer 20-Bond GO Index plus 4% or (2) 8%. The OFA Agreement may be terminated by either (1) mutual agreement of the District and the Developer or (2) the District’s repayment of all cash advances received from the Developer plus accrued interest. On December 31, 2057, any amount of principal and accrued interest outstanding under the OFA shall be deemed to be forever discharged and satisfied in full.

For the 12-month period ended December 31, 2024, District payments made, advances received and interest accrued under the OFA is as follows:

	<u>Cash advances net of repayments</u>	<u>Accrued interest net of repayments</u>	<u>Total</u>
Beginning Balance (Jan. 01, 2024)	\$ 320,862	\$ 125,609	\$ 446,471
Additional advances	-	-	-
Accrued interest		25,669	25,669
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2024)	\$ 320,862	\$ 151,278	\$ 472,140

Facilities Funding and Reimbursement Agreement (FFRA). On July 08, 2016, the District entered into a Facilities Funding and Reimbursement Agreement (FFRA) with the Developer. Previously, High Prairie Polo Club Metropolitan District No. 1 (District No. 1) issued an \$8,000,000 promissory note dated January 10, 2010 (Note) and entered into that certain Improvement Acquisition and Reimbursement Agreement dated January 10, 2010 with High Prairie Polo Construction Company, Inc. (IARA). The District adopted Resolution 2016-07-04 Acknowledging the Dissolution of High Prairie Polo Club Metropolitan District No. 1, which states that the District will assume any and all obligations of District No. 1, and perform all functions listed under the Service Plan, including the responsibility of reimbursement under the IARA and the Note.

Pursuant to the FFRA, the Developer acknowledged the termination and extinguishment of the IARA and the Note as of the date of the FFRA. The FFRA provides that the District will reimburse the Developer for: (1) any advances made to the District for construction of Improvements and construction-related expenses associated with the costs of Improvements to be provided by the District for fiscal years 2016 through 2018, up to \$4,500,000, together with simple interest at the rate of the current Bond Buyer 20-Bond GO Index plus four percent (4%), up to a maximum of 8% per annum (Developer Advances); and (2) the principal formerly due under the Note, in the amount of \$5,926,812 (Initial Construction Advances), together with interest at the same rate of the Developer Advances beginning from January 11, 2016 until paid.

Under the FFRA, the District and Developer agreed that the payments by the District to the Developer shall credit first against accrued and unpaid interest due on Developer Advances, and then to the principal amount due on Developer Advances, and then to accrued and unpaid interest on the Initial Construction Advances, and then to the principal amount due on the Initial Construction Advances. In the event the District has not reimbursed the Developer for any Developer Advances or Initial Construction Advances, plus any accrued and unpaid interest, by December 31, 2056, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. The FFRA provides that the obligations under the FFRA shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year obligation, and the making of any reimbursement thereunder shall be at all times subject to annual appropriation by the District.

For the 12-month period ended December 31, 2024, District payments made, advances received and interest accrued under the FFRA is as follows:

	Cash advances net of repayments	Accrued interest net of repayments	Total
Beginning Balance (Jan. 01, 2024)	\$ 7,805,538	\$ 3,014,761	\$ 10,820,299
Additional advances	-	-	-
Accrued interest	-	624,443	624,443
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2024)	\$ 7,805,538	\$ 3,639,204	\$ 11,444,742

Public Improvements Agreement

The District entered into a Public Improvements Agreement (PIA) with Douglas County dated September 17, 2016 outlining terms associated with the construction of certain public street, drainage, water, and sewer improvements defined in the PIA (the Public Improvements). Upon final acceptance of the Public Improvements, the County will assume full responsibility for repairs and maintenance of the Public Improvements except the water and sewer improvements.

Rural Site Plan Improvements Agreement

The District entered into a Rural Site Plan Improvements Agreement (RSPIA) with Douglas County dated September 17, 2016 outlining terms associated with the construction of certain road, drainage, grading and erosion control, and other improvements defined in the RSPIA (the Rural Site Plan Improvements, or RSP). Upon final acceptance of the RSP, the District will retain full responsibility for repairs and maintenance of the RSP. The District entered into an Open Space Agreement (OSA) with the Developer and the County dated October 24, 2017 outlining the terms for the use of the RSP, including the amount of the RSP that must be used as open space.

NOTE 8 – NET POSITION (DEFICIT)

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2024 in the general fund, debt service fund and capital project fund totaled \$28,627, \$0, and \$0, respectively.

Restricted Net Position

The District's restricted net position as of December 31, 2024 in the general fund, debt service fund and capital projects fund totaled \$5,200, \$457,879 and \$60,000, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2018 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled (\$1,713,873). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to Douglas County and the District.

NOTE 9 – RELATED PARTIES

None of the directors serving on the District's board in 2024 reported conflicts of interest regarding their public service on the District's Board.

The owner and developer of all land within the District was Lokal Two Bridges, LLC, a Colorado limited liability company (the "Developer") and wholly owned subsidiary of Lokal Homes, LLC, a Colorado limited liability company. The approval of the OFA and FFRA occurred when the District's board was entirely comprised of directors who were employees/owners of the Developer. The issuance of the District's 2018 Bonds and subsequent distribution of the cash proceeds from the Bonds to the Developer was approved in 2018 when the District's board was entirely comprised of directors who were employees/owners of the Developer.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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, public officials' liability, and workers compensation 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 LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve

increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

On November 7, 2023, District voters authorized the District to assess property taxes up to \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

The \$500,000 voter-approved property tax limit may be adjusted to reflect changes in the Denver-Boulder CPI. As of December 31, 2023, the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder was 320.300. As of December 31, 2024, the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder was 327.572 causing the maximum voter-approved tax limit to increase to \$511,352.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

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

TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 256,000	\$ 257,520	\$ 1,520
Specific ownership taxes	23,000	19,175	(3,825)
Net investment income	20,000	17,936	(2,064)
Total Revenues	299,000	294,631	(4,369)
EXPENDITURES			
Direct and indirect collection costs	11,400	9,866	1,534
Debt service			
Interest Expense - Series 2018A Bonds	178,600	178,594	6
Interest Expense - Series 2018B Bonds	-	-	-
Bond principal – 2018A Series Bonds	35,000	35,000	-
Total Expenditures	225,000	223,460	1,540
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	74,000	71,171	(2,829)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	74,000	71,171	(2,829)
FUND BALANCE – BEGINNING	387,400	386,708	(692)
FUND BALANCE – END OF YEAR	\$ 461,400	\$ 457,879	\$ (3,521)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 3,900	\$ 3,866	\$ 34
Indirect Collection Cost Allocation	-	-	-
Legal fees	-	-	-
Bond paying agent fees	6,000	6,000	-
Miscellaneous	1,500	-	1,500
Total Direct and Indirect Collection Costs	\$ 11,400	\$ 9,866	\$ 1,534

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**TWO BRIDGES METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ -	\$ -	\$ -
Other	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	30,000	30,000	-
Total Other Financing Sources (Uses)	30,000	30,000	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	30,000	30,000	-
FUND BALANCE – BEGINNING OF YEAR	30,000	30,000	-
FUND BALANCE – END OF YEAR	\$ 60,000	\$ 60,000	\$ -

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

TWO BRIDGES METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2024

The District's repayment schedule for its Series 2018A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	40,000	176,625	5.625%	216,625
2026	45,000	174,375	5.625%	219,375
2027	45,000	171,844	5.625%	216,844
2028	55,000	169,313	5.625%	224,313
2029	55,000	166,219	5.625%	221,219
2030	65,000	163,125	5.625%	228,125
2031	70,000	159,469	5.625%	229,469
2032	75,000	155,531	5.625%	230,531
2033	80,000	151,313	5.625%	231,313
2034	90,000	146,813	5.625%	236,813
2035	95,000	141,750	5.625%	236,750
2036	105,000	136,406	5.625%	241,406
2037	110,000	130,500	5.625%	240,500
2038	120,000	124,313	5.625%	244,313
2039	130,000	117,563	5.625%	247,563
2040	140,000	110,250	5.625%	250,250
2041	150,000	102,375	5.625%	252,375
2042	160,000	93,938	5.625%	253,938
2043	170,000	84,938	5.625%	254,938
2044	185,000	75,375	5.625%	260,375
2045	195,000	64,969	5.625%	259,969
2046	215,000	54,000	5.625%	269,000
2047	225,000	41,906	5.625%	266,906
2048	520,000	29,250	5.625%	549,250
	\$ 3,140,000	\$ 2,942,160		\$ 6,082,160

The original face value of these bonds totaled \$3,175,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2018B Subordinate Bonds because such obligations are payable from subordinate pledged revenue, if and when such revenue is available to repay these bonds.

TWO BRIDGES METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2018	\$ 1,213,100	65.000	-	\$ 78,852	\$ 78,852	100.0%
2019	1,434,840	15.250	49.750	93,265	93,264	100.0%
2020	2,359,300	15.250	50.098	154,175	154,175	100.0%
2021	2,725,820	15.250	50.098	178,000	177,630	99.7%
2022	4,029,530	15.250	50.098	263,200	263,320	100.0%
2023	3,572,350	15.250	51.540	238,500	238,597	100.0%
2024	4,788,500	15.788	53.463	331,600	333,567	100.6%
2025	4,791,780	17.133	55.930	350,100	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

TWO BRIDGES METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2024

	2023 Mill Levy **	2024 Mill Levy *	Change
Two Bridges Metropolitan District	69.251	73.063	3.812
Douglas County Re-1 School District	40.730	40.324	(0.406)
Douglas County	19.774	18.726	(1.048)
Franktown Fire Protection District	13.000	13.000	-
Douglas County Schools - Debt Service	5.204	5.204	-
Douglas County Law Enforcement	4.500	4.500	-
Douglas County Public Library District	3.513	4.000	0.487
Cherry Creek Basin Water Quality Authority	0.425	0.430	0.005
Total Mill Levy	156.397	159.247	2.850

* -- For property tax collections in 2024

** -- For property tax collections in 2025

TWO BRIDGES METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
December 31, 2024

	2020	2021	2022	2023	2024
General obligation bonds	\$ 3,723,000	\$ 3,723,000	\$ 3,713,000	\$ 3,683,000	\$ 3,648,000
Accrued, unpaid interest - Bonds	114,702	162,553	\$ 211,606	\$ 267,108	\$ 326,982
Restricted cash	(\$ 358,946)	(\$ 353,562)	(\$ 310,695)	(\$ 315,577)	(\$ 456,160)
Combined assessed property values within the District	\$ 2,725,820	\$ 4,029,530	\$ 3,572,350	\$ 4,788,500	\$ 4,791,780
Ratio of debt to assessed property values	127.6%	87.7%	101.2%	75.9%	