



COLORADO
Department of Local Affairs
Division of Local Government

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Some questions a prospective homeowner may ask to determine future tax liability include:

- How much outstanding general obligation debt does the district have?
What agreements does the district have with other districts? How much tax revenue is the district contractually obligated to transfer to other districts?
- Are the principal and interest payments on the general obligation bonds insured? Are the bonds secured with a letter of credit?
- Are the bonds rated? If so, what is the rating?
- If the bonds are limited tax obligation bonds, what is the mill levy cap associated with the bonds?
- Does the developer hold the bonds, or have they been issued to the public?
- What is the amount of the yearly debt service payment?
- What revenue is being used to pay the debt service?
- If property tax is levied for debt service, is the revenue sufficient to pay the debt service, or does some other revenue supplement it?
- If the supplemental source of revenue is removed, how much would taxes increase?
- What is build-out and how close to build-out is the district? Is there a schedule of construction? What is the actual construction compared to the plan?
- What is the ratio of debt outstanding to the assessed valuation of the district? (Debt greater than 50% of assessed valuation may be considered a “red flag” to financial analysts, although the district’s specific circumstances must be evaluated in each case.)
- Has other debt been authorized but not issued? When will it be issued?
- Is there a “balloon” payment associated with the debt service in a future year?
- Has the district petitioned the federal bankruptcy court for adjustment of the debt? Is there a court order approving a plan of adjustment of the debt? What does it state about the debt service and mill levy?

Many of these questions can be answered by a special district directly. Contact information for special districts, websites, as well as service plans, budgets, and election information are available from DOLA's [Local Government Information System](#) (LGIS). Audited financial statements are available from the [Office of the State Auditor](#).