

**SILVER PEAKS EAST
METROPOLITIAN DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Silver Peaks East Metropolitan District
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Silver Peaks East Metropolitan District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Silver Peaks East Metropolitan District basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Silver Peaks East Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Silver Peaks East Metropolitan 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 opinion.

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 Silver Peaks East Metropolitan District's ability to continue as a going concern for twelve months beyond the

financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Silver Peaks East Metropolitan 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 Silver Peaks East Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. Our opinion on the basis financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Silver Peaks East Metropolitan District 's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual ("Supplemental Schedules") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

Watson Coon Ryan, LLC

MARCH 5, 2025
CENTENNIAL, COLORADO

BASIC FINANCIAL STATEMENTS

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 33,714
Cash and Investments - Restricted	5,342
Accounts Receivable	10,224
Receivable from County Treasurer	144
Property Tax Receivable	192,835
Capital Assets:	
Capital Assets Not Being Depreciated	5,708,166
Total Assets	5,950,425
LIABILITIES	
Accounts Payable	33,117
Noncurrent Liabilities:	
Due in More Than One Year	6,954,745
Total Liabilities	6,987,862
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	192,835
Unearned Revenue	8,735
Total Deferred Inflows of Resources	201,570
NET POSITION	
Restricted for:	
Emergency Reserve	300
Debt Service	1,462
Net Position - Unrestricted	(1,240,769)
Total Net Position	\$ (1,239,007)

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Primary Government:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 112,200	\$ -	\$ -	\$ (62,659)
Interest on Long-Term Debt and Related Costs	377,451	-	-	(377,451)
Total Governmental Activities	\$ 489,651	\$ 49,542	\$ -	(440,110)
GENERAL REVENUES				
Property taxes				47,378
Specific ownership taxes				2,015
Interest income				905
Total General Revenues and Transfers				50,298
CHANGES IN NET POSITION				
Net Position - Beginning of Year				(389,812)
NET POSITION - END OF YEAR				
				\$ (1,239,007)

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 967	\$ 32,747	\$ -	\$ 33,714
Cash and Investments - Restricted	-	-	5,342	5,342
Receivable from County Treasurer	24	-	120	144
Accounts Receivable	-	10,224	-	10,224
Due from Other Funds	4,000	15,000	-	19,000
Property Tax Receivable	32,139	-	160,696	192,835
	<u>\$ 37,130</u>	<u>\$ 57,971</u>	<u>\$ 166,158</u>	<u>\$ 261,259</u>
Total Assets				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 30,202	\$ 2,915	-	\$ 33,117
Due to Other Funds	15,000	-	4,000	19,000
Total Liabilities	<u>45,202</u>	<u>2,915</u>	<u>4,000</u>	<u>52,117</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	32,139	-	160,696	192,835
Unearned Revenue	-	8,735	-	8,735
Total Deferred Inflows of Resources	<u>32,139</u>	<u>8,735</u>	<u>160,696</u>	<u>201,570</u>
FUND BALANCES				
Restricted for:				
Emergency Reserves	200	1,500	-	1,700
Debt Service	-	-	1,462	1,462
Committed:				
Operations	-	44,821	-	44,821
Unassigned	(40,411)	-	-	(40,411)
Total Fund Balances	<u>(40,211)</u>	<u>46,321</u>	<u>1,462</u>	<u>7,572</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 37,130</u>	<u>\$ 57,971</u>	<u>\$ 166,158</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,708,166
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(5,410,000)
Accrued Interest on Bonds Payable	(681,696)
Developer Advance Payable	(797,243)
Accrued Interest	(65,806)
Net Position of Governmental Activities	<u>\$ (1,239,007)</u>

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property taxes	\$ 7,896	\$ -	\$ 39,481	\$ -	\$ 47,377
Specific ownership taxes	336	-	1,679	-	2,015
Operations and maintenance fee	-	49,541	-	-	49,541
Interest income	-	-	906	-	906
Total Revenues	<u>8,232</u>	<u>49,541</u>	<u>42,066</u>	<u>-</u>	<u>99,839</u>
EXPENDITURES					
Current:					
Accounting	33,958	-	-	-	33,958
Auditing	5,800	-	-	-	5,800
County Treasurer's Fee	118	-	593	-	711
District management	19,258	-	-	-	19,258
Dues and membership	340	-	-	-	340
Engineering	17,278	-	-	-	17,278
Gas and Electric	-	885	-	-	885
Insurance	631	-	-	-	631
Legal	19,169	-	-	-	19,169
Miscellaneous	37	-	-	-	37
FRICO Agreement	12,391	-	-	-	12,391
Water	-	2,335	-	-	2,335
Debt Service:					
Bond interest	-	-	37,000	-	37,000
Paying agent fees	-	-	4,000	-	4,000
Total Expenditures	<u>108,980</u>	<u>3,220</u>	<u>41,593</u>	<u>-</u>	<u>153,793</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(100,748)	46,321	473	-	(53,954)
OTHER FINANCING SOURCES (USES)					
Developer advance	75,203	-	-	3,871	79,074
Total Other Financing Sources	<u>75,203</u>	<u>-</u>	<u>-</u>	<u>3,871</u>	<u>79,074</u>
NET CHANGE IN FUND BALANCES	(25,545)	46,321	473	3,871	25,120
Fund Balances - Beginning of Year (Deficit)	<u>(14,666)</u>	<u>-</u>	<u>989</u>	<u>(3,871)</u>	<u>(17,548)</u>
FUND BALANCES - END OF YEAR (Deficit)	<u>\$ (40,211)</u>	<u>\$ 46,321</u>	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ 7,572</u>

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	25,120
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.</p>		
Developer Advance	\$	(79,074)
<p>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.</p>		
Accrued Interest on Developer Advance	\$	(45,777)
Accrued Interest on Bonds - Change in Liability	\$	(290,081)
Changes in Net Position of Governmental Activities	\$	<u>(389,812)</u>

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Orginal Budget	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,896	\$ 7,896	\$ 7,896	\$ -
Specific ownership taxes	395	336	336	-
Other revenue	-	26,566	-	(26,566)
Total Revenues	8,291	34,798	8,232	(26,566)
EXPENDITURES				
Accounting	20,000	34,000	33,958	42
Auditing	5,500	5,800	5,800	-
County Treasurer's Fee	118	118	118	-
District management	20,000	-	19,258	(19,258)
Dues and membership	600	340	340	-
Engineering	-	18,000	17,278	722
FRICO Agreement	12,500	20,000	12,391	7,609
Insurance	3,500	6,500	631	5,869
Legal	30,000	-	19,169	(19,169)
Miscellaneous	782	25,242	37	25,205
Total Expenditures	93,000	110,000	108,980	1,020
EXCESS OF REVENUES UNDER EXPENDITURES				
	(84,709)	(75,202)	(100,748)	(25,546)
OTHER FINANCING SOURCES (USES)				
Developer advance	84,900	75,202	75,203	1
Total Other Financing Sources	84,900	75,202	75,203	1
NET CHANGE IN FUND BALANCE				
	191	-	(25,545)	(25,545)
Fund Balance - Beginning of Year (Deficit)	168	-	(14,666)	(14,666)
FUND BALANCE - END OF YEAR (Deficit)	<u>\$ 359</u>	<u>\$ -</u>	<u>\$ (40,211)</u>	<u>\$ (40,211)</u>

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Orginal and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Operations and maintenance fee	\$ 90,328	\$ 49,541	\$ (40,787)
Total Revenues	90,328	49,541	(40,787)
EXPENDITURES			
Contingency	750	-	750
Tree and Shrub maintenance	2,500	-	2,500
Pet Stations	5,000	-	5,000
Lighting	5,000	-	5,000
Monuments maintenance	1,250	-	1,250
Postal Cluster boxes maintenance	500	-	500
Grounds Improvements	2,500	-	2,500
Tree/Plant replacement	1,500	-	1,500
Gas and Electric	3,000	885	2,115
Landscaping	25,000	-	25,000
Irrigation Repairs	5,000	-	5,000
Repairs and maintenance	5,000	-	5,000
Snow removal	10,000	-	10,000
Water	20,000	2,335	17,665
Total Expenditures	87,000	3,220	83,780
NET CHANGE IN FUND BALANCE	3,328	46,321	42,993
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 3,328</u>	<u>\$ 46,321</u>	<u>\$ 42,993</u>

See accompanying Notes to Basic Financial Statements.

**SILVER PEAKS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Silver Peaks East Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized on December 1, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Town of Lochbuie, Weld County, Colorado.

At a special election of the eligible electors of the District held on November 8, 2016, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**SILVER PEAKS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

The 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.

The Special Revenue Fund is used to account for the operations fees imposed on all residential units and associated operating costs.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities' columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

**SILVER PEAKS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

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

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

Deficit

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2024.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 33,714
Cash and Investments - Restricted	<u>5,342</u>
Total Cash and Investments	<u><u>\$ 39,056</u></u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ 34,303
Investments	<u>4,753</u>
Total Cash and Investments	<u><u>\$ 39,056</u></u>

Cash Deposits

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

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

At December 31, 2023, the District’s cash deposits had a bank and carrying balance of \$34,302.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

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

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

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

- Obligations of the United States, certain U.S. government agency securities of the World Bank
- Certain international agency securities
- 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 collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ <u>4,753</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for 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. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 5,708,166	\$ -	\$ -	\$ 5,708,166
Total Capital Assets, Not Being Depreciated	<u>\$ 5,708,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,708,166</u>

**SILVER PEAKS EAST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Bonds					
Series 2021 (3)	\$ 5,410,000	\$ -	\$ -	\$ 5,410,000	\$ -
Subtotal Bonds Payable	5,410,000	-	-	5,410,000	-
Other Debts					
Developer Advance - Operating	99,829	79,074	-	178,903	-
Developer Advance - Capital	618,340	-	-	618,340	-
Accrued Interest on:					
Series 2021 (3) Bonds	391,615	290,081	-	681,696	-
Developer Advances:					
Developer Advance - Operating	4,958	8,677	-	13,635	-
Developer Advance - Capital	15,071	37,100	-	52,171	-
Subtotal Other Debts	1,129,813	414,932	-	1,544,745	-
Total Long-Term Obligations	\$ 6,539,813	\$ 414,932	\$ -	\$ 6,954,745	\$ -

The details of the District's general obligation bonds outstanding during 2023 are as follows:

General Obligation Limited Tax Bonds, Series 2021A(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on July 28, 2021, in the par amount of \$5,410,000. Proceeds from the sale of the Bonds were used to (a) finance or reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements to serve the development; and (b) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.000% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. To the extent principal of the Bonds is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 2, 2061. To the extent interest on the Bonds is not paid when due, such unpaid interest shall compound on each interest payment date, at the rate then borne by the Bonds. The Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2061. The Bonds are not subject to early termination. The Bonds are not subject to acceleration. The Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default of the Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026 to August 31, 2027	3.00%
September 1, 2027 to August 31, 2028	2.00
September 1, 2028 to August 31, 2029	1.00
September 1, 2029 and Thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, which means the moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.00 mills (subject to adjustment for changes occurring after January 1, 2015, in the method of calculating assessed valuation), less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized August 10, 2016 Election	Authorization Used Series 2021(3)	Remaining at December 31, 2023
Water	\$ 5,410,000	\$ 713,846	\$ 4,696,154
Street	5,410,000	1,167,202	4,242,798
Safety Protection	5,410,000	-	5,410,000
TV Relay	5,410,000	-	5,410,000
Park and Recreation	5,410,000	1,105,986	4,304,014
Sanitation	5,410,000	2,422,966	2,987,034
Mosquito Control	5,410,000	-	5,410,000
Public Transportation	5,410,000	-	5,410,000
Security Services	5,410,000	-	5,410,000
Fire Protection	5,410,000	-	5,410,000
Refunding	5,410,000	-	5,410,000
O&M Debt	5,410,000	-	5,410,000
IGA Debt	5,410,000	-	5,410,000
Total	<u>\$ 70,330,000</u>	<u>\$ 5,410,000</u>	<u>\$ 64,920,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,410,000.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergencies	\$ 300
Debt Service Reserve	1,462
Total Restricted Net Position	<u>\$ 1,762</u>

The District has a deficit in unrestricted net position. This amount is a result of the District being responsible for the financing and repayment of debt obligations for the construction of public improvements and related accrual of unpaid interest in excess of cash on hand.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 RELATED PARTIES

The property within the District is being developed by Forestar (USA) Real Estate Group, Inc. (Developer). During 2023, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Infrastructure Acquisition and Funding Agreement

The District and the Developer entered into an Infrastructure Acquisition and Funding Agreement on July 19, 2021. Pursuant to the Agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the Property, subject to the limitations set forth in the Service Plan and the Special District Act.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 40 years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of 6% per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District.

As of December 31, 2023, outstanding advances under this Agreement totaled \$618,340 and accrued interest totaled \$52,171.

Operating Reimbursement Agreement

The District and the Developer entered into an Operating Reimbursement Agreement on July 19, 2021, for the purpose of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money.

Pursuant to the Agreement, the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 40 years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 6% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2023, outstanding advances under this Agreement totaled \$178,903 and accrued interest totaled \$13,635.

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 ECONOMIC DEPENDENCY

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

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 8, 2016, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION (CONTINUED)

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

**SILVER PEAKS EAST METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Orginal Budget	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 39,481	\$ 39,481	\$ 39,481	\$ -
Specific ownership taxes	1,974	1,974	1,679	(295)
Interest income	-	-	906	906
Other revenue	-	3,545	-	(3,545)
Total Revenues	<u>41,455</u>	<u>45,000</u>	<u>42,066</u>	<u>(2,934)</u>
EXPENDITURES				
County Treasurer's Fee	592	592	593	(1)
Paying agent fees	4,000	4,000	4,000	-
Bond interest	36,863	36,863	37,000	(137)
Contingency	-	3,545	-	3,545
Total Expenditures	<u>41,455</u>	<u>45,000</u>	<u>41,593</u>	<u>3,407</u>
NET CHANGE IN FUND BALANCE	-	-	473	473
Fund Balance - Beginning of Year	-	-	989	989
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,462</u>	<u>\$ 1,462</u>

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Orginal And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Developer advance	-	3,871	3,871
Total Other Financing Sources	-	3,871	3,871
NET CHANGE IN FUND BALANCE	-	3,871	3,871
Fund Balance - Beginning of Year	-	(3,871)	(3,871)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**SILVER PEAKS EAST METROPOLITIAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2018/2019	\$ 2,390	66.333	-	\$ 159	\$ 158	99.37 %
2019/2020	2,330	66.794	-	156	157	100.64 %
2020/2021	2,280	66.794	-	152	154	101.32 %
2021/2022	5,200	11.132	55.664	347	348	100.29 %
2022/2023	789,620	10.000	50.000	47,377	47,377	100.00 %
Estimated for Year Ending December 31, 2024	\$ 2,562,070	12.544	62.721	192,835		

Note:

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

Source: Weld County Assessor and Treasurer.