

SAND CREEK METROPOLITAN DISTRICT
Adams and Denver Counties, Colorado

FINANCIAL STATEMENTS

With Independent Auditors' Report


December 31, 2023


TABLE OF CONTENTS

| | |
|--|----|
| INDEPENDENT AUDITORS' REPORT | i |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | iv |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position (Deficit) | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 5 |
| Notes to Financial Statements | 6 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Comparative Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Fund | 27 |
| SUPPLEMENTARY INFORMATION | |
| Comparative Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Debt Service Fund | 28 |
| Comparative Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Capital Projects Fund | 29 |
| OTHER INFORMATION | |
| Summary of Debt Service Requirements to Maturity | 30 |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected | 31 |



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Sand Creek Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sand Creek Metropolitan District (the "District") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 these 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.

Auditors' 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 opinion. 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 general 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule for the General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The supplemental information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information as listed in the table of contents 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

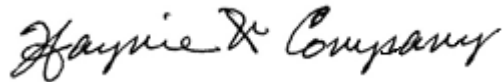
opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information as listed in the table of contents included in the report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of 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.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
July 24, 2024

**SAND CREEK METROPOLITAN DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023**

History:

The District, a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, but, on February 14, 1996, the name was changed to Sand Creek Metropolitan District (District). The District is governed pursuant to provisions in Title 32 of the Colorado Special District Act. The District operates under a service plan approved by the City of Aurora (City) and is subject to an intergovernmental agreement with the City requiring, inter alia, prior City approval for inclusions or exclusions of property into or out of the District, consolidation, and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver (Denver). The District was established to provide financing for and the construction and selected maintenance of roadway improvements, drainage structures, street safety controls, parks and recreation facilities, potable and irrigation water, sanitary sewer, landscaping improvements, television relay and translation systems and mosquito control.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction and guide to the District’s basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements:

The government-wide financial statements provide readers with a broad overview of the District’s financials, in a manner similar to those for private-sector businesses. The Statement of Net Position presents information on all the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources with the differences among the four reported as net position. The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds, the General Fund, the Debt Service Fund and the Capital Projects Fund which are governmental funds. The District is required to present fund balance sheets and statements of revenues, expenditures and changes in fund balances.

General 2023:

District efforts in 2023 focused on (1) increasing the efficiency of its operation and maintenance activities; (2) capital projects including but not limited to (a) the Building 28 Sand Creek Pond C detention pond, roadways and landscape project; (b) the traffic signal at Walden and Salida Street (c) the public walks, landscape and deceleration lane improvements to support the Flats on the A project; (d) continued entitlement work for Salida Way, E. 45th and associated public utilities to serve the Denver 60 project and (e) the installation of public improvements i.e. grading, drainage, utilities and roadways, etc. for the Denver 60 project all of which are included in the below described major milestones and all of which support continued assessed value growth within the District. All of the referenced projects are, as of this writing, either completed or scheduled for completion in 2024.

Major 2023 Milestones:

- Experienced an increase in assessed valuation from \$303,304,400 to \$305,495,520 due to new construction within the district and reassessment of certain properties within the District;
- Continued maintenance and repair of all District facilities and compliance with existing IGAs with the City, Denver, Denver Aviation (now DEN), bond covenants and continuing disclosures;
- Completion of entitlements for and started construction of the public portions of the Building 28 project to support a 512,000 square foot distribution facility including by way of example and not limitation: E. 35th and E. 37th Avenues, conversion and expansion of the Pond C detention pond from a wet facility to a dry detention pond; potable water, sanitary sewerage and storm sewerage systems; deceleration lanes; a double left turn lane at Pena Boulevard and a new traffic signal at Walden and Salida Avenue; public walks and all associated landscape. Funds from the 2020 and 2023 bond issues are being used for these improvements at an estimated cost of \$7,200,000. The project will be completed in 2024.
- Completion of a Cost Share and Right of Way agreement with CP Bedrock for the construction and shared financing of E. 45th Avenue in Denver and as needed to support the Denver 60 project. This agreement requires the District to design and construct E. 45th Avenue and utilities within Telluride Street including potable water, storm and sanitary sewerage systems, walks, curb and gutter, paving, street lights and landscape. Funds from the 2020 and 2023 bond issues will be used to defray these costs estimated to be \$2,200,000 with 50% of that cost to be reimbursed to the District by CP Bedrock or its successor upon completion of the facilities. The agreement was completed, but subsequent to completion of the required improvements, CP Bedrock sold its property to Evergreen-Green Valley Ranch & Telluride Land, LLC (Evergreen). The District is now working cooperatively with Evergreen to revise the agreement and construct the improvements in accordance with current development plans. By the end of 2023, no new amendment had been executed between Evergreen and the District. A first amendment to the agreement is expected to be executed in 2024.

- Design and entitlement of the public portions of the Denver 60 project to include Telluride Street, now known as Salida Way and associated utilities; the fourth leg of the traffic signal at E. 40th Avenue and Salida Way, multiple internal public roadways and utilities, two box culverts, a new traffic signal at E. 41st Avenue and a pedestrian bridge over E. 40th Avenue at an estimated cost of \$16,500,000 which will be funded with a combination of 2020 and 2023 bond proceeds, funds from the 2024 bond issuance, cost share reimbursements and lien release payments.
- Completion a new traffic signal at the intersection of Salida Street and Walden Street at a cost of \$764,999 required as part of the Building 28 project paid for with a combination of 2020 and 2023 bond proceeds. The signal was conveyed to the City of Aurora for long term operation and maintenance in 2023.
- Bond issuance of \$9,605,000 for capital projects.

General Discussion of District Financial Position:

The following discussion should be read in conjunction with the Notes to the Financial Statements. The governmental funds financial statements focus on the measurement of current financial resources. Therefore, the balance sheet includes only current assets and liabilities and the statement of revenues, expenditures and changes in fund balances reports the sources and uses of current financial resources. The government-wide statements for the District include capital assets, lease receivable, lease payable and bonds payable that are not included in the fund financial statements. The financial statements also include reconciliations between the fund financial statements and the government-wide statements.

The following table presents the condensed statement of net position (deficit) for the District as of December 31, 2023 and 2022.

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|------------------------|------------------------|
| Current and other assets | \$ 20,114,978 | \$ 18,207,671 |
| Capital assets, net | <u>21,831,069</u> | <u>12,753,511</u> |
| Total assets | <u>41,946,047</u> | <u>30,961,182</u> |
| | | |
| Deferred outflows of resources | <u>477,965</u> | <u>376,301</u> |
| | | |
| Current liabilities | 2,178,140 | 837,061 |
| Long-term liabilities | <u>72,932,417</u> | <u>65,691,864</u> |
| Total liabilities | <u>75,110,557</u> | <u>66,528,925</u> |
| | | |
| Deferred inflows of resources | <u>9,243,484</u> | <u>7,397,300</u> |
| | | |
| Net position (deficit) | | |
| Net investment in capital assets | (27,724,651) | (45,440,723) |
| Restricted | 62,000 | 63,300 |
| Unrestricted | <u>(14,267,378)</u> | <u>2,788,681</u> |
| Net position (deficit) | <u>\$ (41,930,029)</u> | <u>\$ (42,588,742)</u> |

As shown in the Statement of Net Position of the Financial Statements, the District’s total net deficit of \$41,930,029 as of December 31, 2023 results primarily from the District’s issuance of long term general obligation bonds to fund capital infrastructure improvements and, when completed, the subsequent transfer of the majority of said improvements to third party governmental entities for perpetual operation and maintenance, while the long-term debt remains an obligation of the District.

The transfer of these assets to other governmental entities minimizes the District’s ongoing operation and maintenance costs and is consistent with requirements of the City and Denver. Non-transferred assets remaining on the District’s Statement of Net Position consist primarily of right-of-way landscaping, lakes/storm water detention facilities, entry monuments, various private drives/streets, storm water lift stations, streetlight systems, and limited sanitary, sewers, storm sewers, and box culverts. During 2023, the District transferred \$764,499 of capital assets to Aurora consisting of a traffic signal at the intersection of Salida Street and Walden Street.

As shown in the Statement of Activities, the net deficit decreased by \$658,713 for the year ended December 31, 2023. Governmental Activities net program expenses of \$7,506,582 were offset by total general revenues of \$8,165,295. It is anticipated that the net deficit may increase in the short-term, but eventually stabilize and then decrease upon completion of all required public infrastructure within the District, when completed asset transfers to the Cities cease and long-term bond debt (non-recurring liabilities) is retired.

District activities are divided into three funds as described in Note 2 of the Financial Statements: General Fund, Debt Service Fund and Capital Projects Fund. Total General Fund expenditures for 2023 were \$2,063,181, the majority of which were related to landscape maintenance totaling \$819,155, office lease expenses of \$251,522, repairs and maintenance of \$234,935 and utilities of \$352,676. Other District General Fund expenses include management fees, legal, accounting and audit, insurance and other miscellaneous expenditures. General Fund revenues are derived from office space sub-lease, lien and other reimbursements and fees and a 2023 operating mill levy of 5.75 mills. The 2024 operating mill levy of 6.00 mills, when assessed against the District's 2024 assessed valuation, is expected to generate sufficient revenue to cover 2024 budgeted operating expenditures. As of December 31, 2023, the District had \$6,893,927 available for anticipated major infrastructure repair and maintenance items in 2024. Reimbursement revenue received by the General Fund in excess of operating costs is anticipated to be held as an undesignated reserve for use by the District for any lawful purpose.

Capital project expenditures for 2023 were \$12,328,602 related to costs to complete the Building 26 and 27 project, the Denver 60 project and progress construction and/or entitlement of the other projects listed in the above major milestone section.

The Debt Service Fund balance at year end 2023 was \$1,507,894. In January 2023, the District issued bonds in the amount of \$9,605,000, the net proceeds of which will be used to finance the capital projects discussed above. The debt service payments and related costs are funded primarily with property tax revenues derived from the 2023 debt service mill levy of 17.00 mills. Debt service funds are used solely for payment of bond interest, bond principal and associated bond costs. While a debt service reserve is not required by any existing bond covenant, the District board of directors has directed that a minimum, voluntary \$2,000,000 be retained in the Debt Service Fund and that the debt service mill levy be set accordingly. Due to anticipated growth in the District's assessed valuation in future years, the debt service mill levy may be further reduced once the minimum voluntary reserve amount is reached.

The effect of growing uncertainty caused by unsettled geo-political affairs rising inflation and increasing interest rates on District growth is unknown but is mitigated by the Board's decision to establish and maintain the voluntary debt service reserve.

The following discussion and data tables compares the budget to actual 2022 and 2023 activity in the funds.

Capital Assets: The District reported \$21,831,069 in capital assets net of depreciation for its governmental-type activities for the year ended December 31, 2023. Additions during 2023 totaled \$10,605,500 for construction in process, offset by a transfer of completed assets to the City of \$764,499, resulting in an overall capital asset (net of depreciation) increase of \$9,077,558. Additional information on the District's capital assets can be found in Note 4 on page 14 of this report.

Long-Term Debt: As of December 31, 2023, the District had outstanding general obligation bonds and bond premiums totaling \$72,932,417. Additional information on the District's long-term debt can be found in Note 5 on pages 15 through 22 of this report. The assessed value increase coupled with the District's debt service cash reserves will result in a stable debt service mill levy over the near term.

Revenues: Due to the delay of the Denver 60 construction project, reimbursement revenue from cost share and lien release sources in the general fund were \$1,837,175 less than that budgeted but total actual 2023 revenues were sufficient to cover all 2023 General Fund expenditures. Debt Service Fund revenues were \$71,294 higher than budgeted, primarily due to interest income. Interest income in the Capital Projects Fund was \$207,713 higher than budgeted.

Expenditures: Total 2023 General Fund expenditures of \$2,063,181 were under budget and less than those for 2022. Debt Service expenditures were \$409,931 less than budget primarily due to lower debt service costs than anticipated. Capital project expenditures for 2023 were \$12,328,602 related to the work described in the Major Milestones section of this MD&A, but significantly less than budget due to the construction start delays referenced above.

Fund Balances: The General Fund starting balance was \$2,536,499 and the 2023 ending balance was \$2,567,357. The Debt Service Fund starting balance was \$1,258,667 and the 2023 ending balance was \$1,507,894. The Capital Projects Fund starting balance was \$6,739,356 and the 2023 ending balance was \$5,181,874, with the decrease due to capital project expenditures for the projects listed in the Milestone section.

2024 Expectations: In budget year 2024, the District will be focused on completing the projects listed in the Major Milestone Section of this MD&A, and, with the combination of current available capital funds from the 2023 and 2024 bond issuances, the District is expected to have enough funds to complete the items in the Major Milestone section and efficiently performing its on-going maintenance and repair obligations.

Requests for Information:

This financial report is designed to provide a general overview of Sand Creek Metropolitan District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ryan Stachelski,
District Manager
(303) 371-9000
Sand Creek Metropolitan District
100 St. Paul Street, Suite 300, Denver, CO 80206

SAFE HARBOR DISCLAIMER:

Statements in this report that are not historical are forward-looking statements subject to risk and uncertainties that could cause actual results to differ materially. Such risk and uncertainties include fluctuations in economies worldwide and within the District's markets, fluctuations in the District's customer's demands, changes in environmental and other governmental regulations, changes in terms from lenders, ability to retain key management and to reach agreement on intergovernmental agreements, changes in the District's ability to obtain capital for expansion and changes in energy and water prices.

BASIC FINANCIAL STATEMENTS

**SAND CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
December 31, 2023**

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| Cash and investments - unrestricted | \$ 485,343 |
| Cash and investments - restricted | 10,509,741 |
| Due from county treasurer | 167,194 |
| Prepaid expenses | 37,568 |
| Property taxes receivable | 8,738,839 |
| Lease receivable | 176,293 |
| Capital assets, net of depreciation | <u>21,831,069</u> |
| Total assets | <u>41,946,047</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Bond insurance, net of amortization | <u>477,965</u> |
| Total deferred outflows of resources | <u>477,965</u> |
| LIABILITIES | |
| Accounts payable and retainage | 1,942,721 |
| Accrued interest payable | 235,419 |
| Noncurrent liabilities | |
| Due within one year | 2,957,264 |
| Due in more than one year | <u>69,975,153</u> |
| Total liabilities | <u>75,110,557</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred lease inflows | 163,510 |
| Deferred gain on refunding | 341,135 |
| Deferred property tax revenue | <u>8,738,839</u> |
| Total deferred inflows of resources | <u>9,243,484</u> |
| NET POSITION (DEFICIT) | |
| Net investment in capital assets | (28,877,869) |
| Restricted for emergencies | 62,000 |
| Unrestricted | <u>(13,114,160)</u> |
| Total net position (deficit) | <u><u>\$ (41,930,029)</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

**SAND CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2023

| | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | |
|---|---------------------|-------------------------|--|---|----------------------------|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary government: | | | | | |
| General government | 3,815,891 | \$ - | \$ - | - | \$ (3,815,891) |
| Interest and expenses on long-term debt | 2,926,192 | - | - | - | (2,926,192) |
| Contribution of assets to other government | 764,499 | - | - | - | (764,499) |
| | <u>\$ 7,506,582</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>(7,506,582)</u> |
| | | | | | |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | | | | | 6,782,025 |
| Specific ownership taxes | | | | | 451,161 |
| Reimbursements | | | | | 44,979 |
| Assessments and miscellaneous | | | | | 14,750 |
| Contract revenue | | | | | 22,365 |
| Rental income | | | | | 227,155 |
| Interest | | | | | 622,860 |
| Total general revenues | | | | | <u>8,165,295</u> |
| | | | | | |
| Change in net position | | | | | 658,713 |
| | | | | | |
| Net position (deficit) - beginning of year | | | | | <u>(42,588,742)</u> |
| | | | | | |
| Net position (deficit) - end of year | | | | | <u>\$ (41,930,029)</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

**SAND CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

| | General | Debt Service | Capital Projects | Total |
|--|---------------------|---------------------|-------------------------|------------------------|
| ASSETS | | | | |
| Cash and investments - unrestricted | \$ 485,343 | \$ - | \$ - | \$ 485,343 |
| Cash and investments - restricted | - | 2,462,596 | 8,047,145 | 10,509,741 |
| Interfund | 2,232,864 | (1,079,646) | (1,153,218) | - |
| Due from county treasurer | 42,250 | 124,944 | - | 167,194 |
| Prepaid expenditures | 37,568 | - | - | 37,568 |
| Property tax receivable | 2,354,335 | 6,384,504 | - | 8,738,839 |
| Total assets | \$ 5,152,360 | \$ 7,892,398 | \$ 6,893,927 | \$ 19,938,685 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable and retainage | \$ 230,668 | \$ - | \$ 1,712,053 | \$ 1,942,721 |
| Total liabilities | 230,668 | - | 1,712,053 | 1,942,721 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred property tax revenue | 2,354,335 | 6,384,504 | - | 8,738,839 |
| Total deferred inflows of resources | 2,354,335 | 6,384,504 | - | 8,738,839 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid expenditures | 37,568 | - | - | 37,568 |
| Restricted: | | | | |
| Emergency reserves | 62,000 | - | - | 62,000 |
| Debt service | - | 1,507,894 | - | 1,507,894 |
| Capital projects | - | - | 5,181,874 | 5,181,874 |
| Unassigned | 2,467,789 | - | - | 2,467,789 |
| Total fund balances | 2,567,357 | 1,507,894 | 5,181,874 | 9,257,125 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,152,360 | \$ 7,892,398 | \$ 6,893,927 | |
| Amount reported for governmental activities in the statement of net position are different because: | | | | |
| Lease receivable is not available within 60 days of year-end and, therefore, is unavailable in the fund financial statements. | | | | 176,293 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 21,831,069 |
| Deferred (inflows) outflows of resources represent flows of resources which relate to future periods and, therefore, are not available in the fund financial statements. | | | | |
| Bond insurance, net | | | 477,965 | |
| Deferred lease receivable | | | (163,510) | |
| Deferred gain on refunding | | | (341,135) | (26,680) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | |
| Accrued interest on bonds payable | | | (235,419) | |
| Bonds payable and lease liability | | | (68,097,474) | |
| Bond premium, net | | | (4,834,943) | (73,167,836) |
| Net position (deficit) of governmental activities | | | | \$ (41,930,029) |

The accompanying Notes to Financial Statements are an integral part of these statements.

SAND CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|---|---------------------|---------------------|-------------------------|---------------------|
| Revenues | | | | |
| Property taxes | \$ 1,601,984 | \$ 5,180,041 | \$ - | \$ 6,782,025 |
| Specific ownership taxes | 111,026 | 340,135 | - | 451,161 |
| Reimbursements | 44,979 | - | - | 44,979 |
| Contract revenue | 22,365 | - | - | 22,365 |
| Rental income | 234,120 | - | - | 234,120 |
| Assessments and miscellaneous | 14,750 | - | - | 14,750 |
| Interest | 64,815 | 139,395 | 407,713 | 611,923 |
| Total revenues | <u>2,094,039</u> | <u>5,659,571</u> | <u>407,713</u> | <u>8,161,323</u> |
| Expenditures | | | | |
| General | | | | |
| Accounting and audit | 156,516 | - | - | 156,516 |
| County treasurer fees | 22,818 | 71,901 | - | 94,719 |
| Insurance | 19,616 | - | - | 19,616 |
| Landscape maintenance | 819,155 | - | 125,075 | 944,230 |
| Legal | 32,272 | - | - | 32,272 |
| Management fees | 161,662 | - | 338,740 | 500,402 |
| Miscellaneous | 12,009 | - | - | 12,009 |
| Office lease | 251,522 | - | - | 251,522 |
| Repairs and maintenance | 234,935 | - | 457,388 | 692,323 |
| Utilities | 352,676 | - | - | 352,676 |
| Debt service | | | | |
| Bond principal | - | 2,755,000 | - | 2,755,000 |
| Bond interest | - | 2,491,069 | 384,540 | 2,875,609 |
| Bond issuance costs | - | - | 417,108 | 417,108 |
| Miscellaneous | - | 5,643 | - | 5,643 |
| Paying agent and cash management fees | - | 2,090 | 251 | 2,341 |
| Property tax rebates | - | 84,641 | - | 84,641 |
| Capital outlay | | | | |
| Infrastructure | - | - | 10,605,500 | 10,605,500 |
| Total expenditures | <u>2,063,181</u> | <u>5,410,344</u> | <u>12,328,602</u> | <u>19,802,127</u> |
| Excess of revenues over (under) expenditures | <u>30,858</u> | <u>249,227</u> | <u>(11,920,889)</u> | <u>(11,640,804)</u> |
| Other financing sources | | | | |
| Bond proceeds | - | - | 9,605,000 | 9,605,000 |
| Bond premium | - | - | 758,407 | 758,407 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>10,363,407</u> | <u>10,363,407</u> |
| Net change in fund balances | 30,858 | 249,227 | (1,557,482) | (1,277,397) |
| Fund balances - beginning of year | <u>2,536,499</u> | <u>1,258,667</u> | <u>6,739,356</u> | <u>10,534,522</u> |
| Fund balances - end of year | <u>\$ 2,567,357</u> | <u>\$ 1,507,894</u> | <u>\$ 5,181,874</u> | <u>\$ 9,257,125</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

**SAND CREEK METROPOLITAN DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023**

Net change in fund balance of governmental funds \$ (1,277,397)

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

Certain revenues in the government-wide statement of activities that do
not provide current financial resources are not reported as revenue
in the governmental funds. 3,972

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

| | | |
|---|------------|-----------|
| Capital outlay | 10,605,500 | |
| Depreciation expense | (763,443) | |
| Assets transferred to other governments | (764,499) | 9,077,558 |
| | | |

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position.
The net effect of these differences in the treatment of long-term
debt is as follows:

| | | |
|-----------------------------------|-------------|-------------|
| Bond principal payment | 2,755,000 | |
| Bond interest accrual | (26,830) | |
| Bond proceeds | (9,605,000) | |
| Bond premium | (758,407) | |
| Prepaid bond insurance | 129,525 | |
| Amortization of bond premium | 282,931 | |
| Amortization of bond insurance | (27,861) | |
| Amortization of gain on refunding | 20,299 | |
| Lease liability principal payment | 84,923 | (7,145,420) |
| | | |

Change in net position of governmental activities \$ 658,713

The accompanying Notes to Financial Statements are an integral part of these statements.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

Sand Creek Metropolitan District (District), a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, and as of February 14, 1996 the name was changed to Sand Creek Metropolitan District. It is governed pursuant to provisions of the Colorado Special District Act. The District operates under a service plan approved by the City of Aurora and subject to an intergovernmental agreement requiring prior city approval for inclusions or exclusions of property into or from the District, consolidation and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver. The District was established to provide financing for the construction and installation of streets, drainage structures, street safety controls, parks and recreation facilities, water, sewer and landscaping improvements, television relay, translation systems and mosquito control.

The District's service plan anticipates that the District will provide ongoing services only to the extent that the City and County of Denver and the City of Aurora do not provide such services. The District will not operate and maintain water, sanitary sewer or street safety facilities except through the creation of an intergovernmental agreement with the City and County of Denver and the City of Aurora. However, it is intended that the District supplement the services of these cities in the area of street maintenance, including supplemental street sweeping, snow plowing and minor repairs, landscape and open space installation and maintenance including park, streetscape and drainage facilities and has entered into a "Border Streets" agreement with both cities to do so. The District may construct, acquire or contract with these cities to install and maintain the operation and maintenance of television relay and translation facilities internal and specific to the District and the operation and maintenance of mosquito control services. The District may also provide continuing operation and maintenance of transportation facilities such as park and ride facilities and public parking lots, bus shelters and facilities or services related to bus service and light or heavy rail facilities transporting people and cargo.

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 contracts for all of its management and professional services (see Note 9).

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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. For the most part, 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 assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 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. Expenditures for capital assets are shown as increases in assets and redemptions of bonds and other long-term liabilities are recorded as reductions in liabilities.

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 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 period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

The General Fund is the primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs on the long-term debt obligations. Expenditures in the Debt Service Fund are limited to bond principal and interest payments, payment of service fees related to property tax collections, bond issuance expenses, property tax rebates, and inter-fund transfers to primarily the capital projects fund.

The Capital Projects Fund accounts for financial resources to be used for capital expansion and building projects. Revenues are typically derived from issuance of tax-exempt bonds and from reimbursement income.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts. Actual results could differ from these estimates.

Budgets

In accordance with the Local Government Budget Law of Colorado, 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 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 and after a public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated. For the year ended December 31, 2023, the District's board of directors approved the modification of appropriations for the General, Debt Service and Capital Projects Funds.

Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, bond insurance, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has three items that qualify for reporting in this category. Accordingly, these items, deferred lease inflows, deferred gain on refunding and property tax revenue are deferred and recognized as inflows of resources in the period that the amounts become available.

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the Adams and Denver county assessors generally as of January 1 of each year. The levy is normally set by December 15 of each year 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 in full April 30 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, net of collection fees, monthly to the District.

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

Property Tax Rebates

The District's service plan has been amended to exclude certain properties from District boundaries. The excluded properties are no longer subject to the District's operating mill levy and are no longer subject to any debt service mill levy for new debt issued by the district. The excluded property, however, remains subject to the District's debt service mill levy for that proportion of the District's outstanding obligations and interest thereon existing immediately prior to the effective date of the exclusion order. In addition, the District has no further obligation to extend and provide services to such properties and therefore, there is no financial impact from the exclusion of the properties from within the boundaries of the District. The District currently has approximately 96 acres of property that are part of the exclusion adjusted taxing area. For the year ended December 31, 2023, the District paid \$84,641 in property tax rebates related to the excluded properties.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessor

The District entered into two lease agreements for the sublease of office space leased by the District. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lessee

The District is a lessee for a noncancellable lease of office space. The District recognizes a lease liability reported with long-term debt and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease assets are initially recorded at the initial measurement of the liability, plus lease payments made at or before commencement of the lease term. Subsequently, lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments for leases

A key estimate for leases is the discount rate used to discount the expected lease payments to present value. When this rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease as well as the option renewals that are reasonably certain to be exercised.

Bond Premium, Prepaid Bond Insurance Costs and Bond Refunding Gain

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt issuances, are reported as debt expenditures.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide financial statements, prepaid bond insurance costs and bond refunding deferred gain from the issuance of long-term debt are being amortized over the term of the bonds using the straight-line method. The bond premium is being amortized over the term of the bonds using the effective interest method. As of December 31, 2023, the accumulated amortization of the bond insurance costs, the bond premium and the deferred gain on refunding were \$79,342, \$866,527 and \$64,838, respectively.

Capital Assets

Governmental capital assets typically result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during each budget year. The District maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized if they exceed the capitalization threshold and have a life of a year or more. The costs of normal maintenance and repairs are expensed. All reported capital assets are depreciated except for land, landscape, lakes, and construction in progress. The District does not depreciate its landscape or lake assets because it has an annual maintenance program for care and replacement under which costs are expensed. The District does not have potable water systems. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Asset</u> | <u>Class Life (Depreciable Years)</u> |
|-----------------------------------|---------------------------------------|
| Municipal Sewer | 20 |
| Sidewalks | 15 |
| Roads (Surface Improvements Only) | 15 |
| Bridges & Monuments | 15 |
| Boardwalks | 15 |
| Fencing | 15 |
| Land Improvements | 10 |
| Equipment | 7 |
| Office Equipment | 5 |

Fund Balances – Governmental Funds

Fund balance classifications, provide for a hierarchy of spending constraints for spendable resources and disclosure for non-spendable resources. In the fund financial statements, the District classifies governmental fund balances as follows:

Non-spendable – Includes fund balance amounts that cannot be spent, either because they are not in spendable form or because of legal or contractual constraints.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority (i.e. the board) and does not lapse at year-end. The board is responsible for establishing, modifying, or rescinding the commitment.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The board authorizes management to assign amounts related to a specific purpose.

Unassigned – Includes fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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.

Net position represents the differences between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent proceeds, they are not included in the calculation of net investment in capital assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed through constitution provisions or enabling legislation. All other assets are unrestricted.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted – This component of net position consists of all other categories of net position.

When an expense is incurred for purposes which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the supplementary information in order to provide an understanding of the changes in the financial position and operations of these funds.

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 - unrestricted | \$ 485,343 |
| Cash and investments - restricted | <u>10,509,741</u> |
| Total cash and investments | <u><u>\$ 10,995,084</u></u> |
| Cash and investments as of December 31, 2023 consist of the following: | |
| Deposits with financial institutions | <u>\$ 10,995,084</u> |
| Total cash and investments | <u><u>\$ 10,995,084</u></u> |

As of December 31, 2023, the District’s cash deposits had a bank balance of \$11,019,834 and a carrying balance of \$10,995,084.

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 form a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is maintained by another institution or held in trust.

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. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted formal investment policies; however, it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts and local government investment pools. None of the District’s investments are subject to custodial or concentration of credit risk.

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.

The District had no investments as of December 31, 2023.

NOTE 4 – CAPITAL ASSETS

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

| <u>Description</u> | <u>Balance at December 31, 2022</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at December 31, 2023</u> |
|---|---|---------------------|-------------------------------------|---|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 2,464,610 | \$ 10,605,500 | \$ (764,499) | \$ 12,305,611 |
| Total capital assets not being depreciated | <u>2,464,610</u> | <u>10,605,500</u> | <u>(764,499)</u> | <u>12,305,611</u> |
| Capital assets being depreciated | | | | |
| Water wells | 181,049 | - | - | 181,049 |
| Streets and drainage | 14,341,937 | - | - | 14,341,937 |
| Open space | 5,216,105 | - | - | 5,216,105 |
| Office equipment | 5,753 | - | - | 5,753 |
| Leasehold improvements | 143,667 | - | - | 143,667 |
| Leased building | 355,555 | - | - | 355,555 |
| Total capital assets being depreciated | <u>20,244,066</u> | <u>-</u> | <u>-</u> | <u>20,244,066</u> |
| Less accumulated depreciation | <u>(9,955,165)</u> | <u>(763,443)</u> | <u>-</u> | <u>(10,718,608)</u> |
| Total capital assets being depreciated, net | <u>10,288,901</u> | <u>(763,443)</u> | <u>-</u> | <u>9,525,458</u> |
| Total capital assets, net | <u>\$ 12,753,511</u> | <u>\$ 9,842,057</u> | <u>\$ (764,499)</u> | <u>\$ 21,831,069</u> |
| | | | Less capital debt | (57,739,695) |
| | | | Add unspent bond proceeds | 6,893,927 |
| | | | Bond insurance, net of amortization | 477,965 |
| | | | Deferred gain on refunding | (341,135) |
| | | | Net investment in capital assets | <u>\$ (28,877,869)</u> |

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Transfers

Water, sewer and street improvements that are dedicated to the City of Aurora, City and County of Denver, Xcel, the Mile High Flood Control District or other entities for perpetual maintenance and ownership are removed from the capital assets once accepted by the other entities. The district has in the past and may in the future enter into agreements with the City of Aurora and the City and County of Denver for the District to perform ongoing maintenance of certain landscaping, streets and other facilities such as lift stations.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the 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 |
|---------------------------------|---|----------------------|---------------------|---|------------------------------------|
| General obligation bonds | | | | | |
| Series 2012AB | \$ 9,325,000 | \$ - | \$ 45,000 | \$ 9,280,000 | \$ 45,000 |
| Series 2013AB | 6,790,000 | - | 35,000 | 6,755,000 | 35,000 |
| Series 2014AB | 6,575,000 | - | 165,000 | 6,410,000 | 170,000 |
| Series 2015AB | 6,655,000 | - | 430,000 | 6,225,000 | 450,000 |
| Series 2017 | 5,000,000 | - | - | 5,000,000 | - |
| Series 2020AB | 26,710,000 | - | 2,080,000 | 24,630,000 | 2,165,000 |
| Series 2023 | - | 9,605,000 | - | 9,605,000 | - |
| Bond premium | 4,359,467 | 758,407 | 282,931 | 4,834,943 | - |
| General obligation bonds total | <u>65,414,467</u> | <u>10,363,407</u> | <u>3,037,931</u> | <u>72,739,943</u> | <u>2,865,000</u> |
| Other debt | | | | | |
| Lease liability | 277,397 | - | 84,923 | 192,474 | 92,264 |
| Other debt total | <u>277,397</u> | <u>-</u> | <u>84,923</u> | <u>192,474</u> | <u>92,264</u> |
| Total long-term obligations | <u>\$ 65,691,864</u> | <u>\$ 10,363,407</u> | <u>\$ 3,122,854</u> | <u>\$ 72,932,417</u> | <u>\$ 2,957,264</u> |

\$5,545,000 General Obligation Limited Tax Refunding Bonds, Series 2012A and \$4,190,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2012B

On June 28, 2012, the District issued \$5,545,000 General Obligation Limited Tax Refunding Bonds, Series 2012A and \$4,190,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2012B (collectively the 2012 Bonds), the net proceeds of which were used to partially pay the District’s 2003 and 2004 bonds. Interest is payable semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The 2012 Bonds are subject to redemption prior to maturity, in whole or in part in integral multiples of \$5,000, on or after December 1, 2023, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following tables set forth the interest rates and estimated debt service payment schedule for the principal and interest on the 2012 Bonds:

| Series 2012A | | Series 2012B | |
|---------------------------------------|--------------------------|---------------------------------------|--------------------------|
| Maturity Date (December 1) | Interest Rate | Maturity Date (December 1) | Interest Rate |
| 2024-2026 | 3.750% | 2024-2026 | 3.750% |
| 2027-2029 | 4.000% | 2027-2039 | 4.000% |
| | | 2040 | 4.375% |

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2024 | \$ 45,000 | \$ 375,900 | \$ 420,900 |
| 2025 | 50,000 | 374,213 | 424,213 |
| 2026 | 1,925,000 | 372,337 | 2,297,337 |
| 2027 | 2,000,000 | 300,150 | 2,300,150 |
| 2028 | 1,300,000 | 220,150 | 1,520,150 |
| 2029-2033 | 1,855,000 | 612,650 | 2,467,650 |
| 2034-2038 | 1,440,000 | 339,938 | 1,779,938 |
| 2039-2040 | 665,000 | 43,969 | 708,969 |
| | \$ 9,280,000 | \$ 2,639,307 | \$ 11,919,307 |

\$3,375,000 General Obligation Limited Tax Refunding Bonds, Series 2013A and \$5,345,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2013B

On February 27, 2013, the District issued \$3,375,000 General Obligation Limited Tax Refunding Bonds, Series 2013A and \$5,345,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2013B (collectively the 2013 Bonds), the net proceeds of which were used to partially pay the District's 2003 and 2004 bonds. Interest is payable semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The 2013 Bonds are subject to redemption prior to maturity, in whole or in part in integral multiples of \$5,000, on or after December 1, 2023, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following tables set forth the interest rates and estimated debt service payment schedule for the principal and interest on the 2013 Bonds:

| Series 2013A | | Series 2013B | |
|-------------------------------|------------------|-------------------------------|------------------|
| Maturity Date (December 1) | Interest Rate | Maturity Date (December 1) | Interest Rate |
| 2024-2029 | 3.125% | 2024-2028 | 3.000% |
| 2030-2031 | 4.000% | 2029 | 3.125% |
| | | 2030-2031 | 4.000% |
| Year Ending | | | |
| December 31, | Principal | Interest | Total |
| 2024 | \$ 35,000 | \$ 254,232 | \$ 289,232 |
| 2025 | 40,000 | 253,181 | 293,181 |
| 2026 | 5,000 | 251,982 | 256,982 |
| 2027 | 10,000 | 251,830 | 261,830 |
| 2028 | 795,000 | 251,525 | 1,046,525 |
| 2029-2031 | 5,870,000 | 541,468 | 6,411,468 |
| | \$ 6,755,000 | \$ 1,804,218 | \$ 8,559,218 |

\$5,985,000 General Obligation Limited Tax Refunding Bonds, Series 2014A and \$3,320,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2014B

On March 5, 2014, the District issued \$5,985,000 General Obligation Limited Tax Refunding Bonds, Series 2014A and \$3,320,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2014B (collectively the 2014 Bonds), the net proceeds of which were used to pay the remaining outstanding balance of the District's 2003 bonds and partially pay the District's 2004 bonds. Interest is payable semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The 2014 Bonds are subject to redemption prior to maturity, in whole or in part in integral multiples of \$5,000, on or after December 1, 2023, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following tables set forth the interest rates and estimated debt service payment schedule for the principal and interest on the 2014 Bonds:

| Series 2014A | | Series 2014B | |
|---------------------------------------|--------------------------|---------------------------------------|--------------------------|
| Maturity Date (December 1) | Interest Rate | Maturity Date (December 1) | Interest Rate |
| 2024-2025 | 4.000% | 2024-2040 | 5.000% |
| 2026-2031 | 5.000% | | |
| Year Ending | | | |
| December 31, | Principal | Interest | Total |
| 2024 | \$ 170,000 | \$ 317,000 | \$ 487,000 |
| 2025 | 180,000 | 310,200 | 490,200 |
| 2026 | 670,000 | 303,000 | 973,000 |
| 2027 | 700,000 | 269,500 | 969,500 |
| 2028 | 305,000 | 234,500 | 539,500 |
| 2029-2033 | 1,680,000 | 926,000 | 2,606,000 |
| 2034-2038 | 1,835,000 | 502,000 | 2,337,000 |
| 2039-2040 | 870,000 | 65,750 | 935,750 |
| | \$ 6,410,000 | \$ 2,927,950 | \$ 9,337,950 |

\$1,765,000 General Obligation Limited Tax Refunding Bonds, Series 2015A and \$7,290,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2015B

On December 15, 2015, the District issued \$1,765,000 General Obligation Limited Tax Refunding Bonds, Series 2015A and \$7,290,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2015B (collectively the 2015 Bonds), the net proceeds of which were used to pay the remaining outstanding balance of the District's 2004 bonds and to partially pay the District's 2006 bonds. Interest is payable at a rate of 4.0% per year with payments due semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The 2015 Bonds are subject to redemption prior to maturity, in whole or in part in integral multiples of \$5,000, on or after December 1, 2025, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5- LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2015 Bonds:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 450,000 | \$ 249,000 | \$ 699,000 |
| 2025 | 470,000 | 231,000 | 701,000 |
| 2026 | 485,000 | 212,200 | 697,200 |
| 2027 | 505,000 | 192,800 | 697,800 |
| 2028 | 940,000 | 172,600 | 1,112,600 |
| 2029-2031 | 3,375,000 | 285,800 | 3,660,800 |
| | <u>\$ 6,225,000</u> | <u>\$ 1,343,400</u> | <u>\$ 7,568,400</u> |

\$5,000,000 General Obligation Limited Tax Bonds, Series 2017

On November 15, 2017, the District issued \$5,000,000 General Obligation Limited Tax Bonds, Series 2017 (2017 Bonds), the net proceeds of which were used to finance the acquisition, construction and installation of capital projects for the benefit of the District. Interest is payable at a rate of 4.0% per year with payments due semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The 2017 Bonds are subject to redemption prior to maturity, on or after December 1, 2027, in whole or in part in integral multiples of \$5,000, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2017 Bonds:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ - | \$ 200,000 | \$ 200,000 |
| 2025 | - | 200,000 | 200,000 |
| 2026 | - | 200,000 | 200,000 |
| 2027 | - | 200,000 | 200,000 |
| 2028 | - | 200,000 | 200,000 |
| 2029-2033 | 965,000 | 981,000 | 1,946,000 |
| 2034-2038 | 2,765,000 | 594,400 | 3,359,400 |
| 2039-2040 | 1,270,000 | 76,800 | 1,346,800 |
| | <u>\$ 5,000,000</u> | <u>\$ 2,652,200</u> | <u>\$ 7,652,200</u> |

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

**\$10,400,000 General Obligation Limited Tax Refunding Bonds, Series 2020A and
\$20,160,000 General Obligation Limited Tax Refunding Bonds, Series 2020B**

On October 6, 2020, the District issued \$10,400,000 General Obligation Limited Tax Refunding Bonds, Series 2020A and \$20,160,000 General Obligation Limited Tax Refunding Bonds, Series 2020B (collectively the 2020 Bonds), the net proceeds of which were used to fully refund a portion of the 2010A Bonds, refund all of the 2010B bonds and provide funds to finance the acquisition, construction and installation of capital projects for the benefit of the District. Interest is payable at a rate of 4.0% per year with payments due semiannually on June 1 and December 1 and principal payments are due on December 1 each year. The Series 2020A Bonds are not subject to optional redemption prior to maturity. The 2020B Bonds are subject to redemption prior to maturity, on or after December 1, 2031, in whole or in part in integral multiples of \$5,000, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2020 Bonds:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 2,165,000 | \$ 985,200 | \$ 3,150,200 |
| 2025 | 2,305,000 | 898,600 | 3,203,600 |
| 2026 | 480,000 | 806,400 | 1,286,400 |
| 2027 | 500,000 | 787,200 | 1,287,200 |
| 2028 | 520,000 | 767,200 | 1,287,200 |
| 2029-2033 | 4,965,000 | 3,466,000 | 8,431,000 |
| 2034-2038 | 9,395,000 | 2,016,800 | 11,411,800 |
| 2039-2040 | 4,300,000 | 259,600 | 4,559,600 |
| | <u>\$ 24,630,000</u> | <u>\$ 9,987,000</u> | <u>\$ 34,617,000</u> |

\$9,605,000 General Obligation Limited Tax Improvement Bonds, Series 2023

On January 19, 2023, the District issued \$9,605,000 General Obligation Limited Tax Improvement Bonds, Series 2023 (2023 Bonds), the net proceeds of which are to be used to finance the acquisition, construction and installation of capital projects for the benefit of the District. Interest is payable semi-annually on June 1 and December 1 each year and principal payments are due on December 1 each year. The current interest rate on the 2023 Bonds is 5.0% per annum through November 30, 2037 and 4.0% thereafter.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2023 Bonds:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2024 | \$ - | \$ 443,700 | \$ 443,700 |
| 2025 | - | 443,700 | 443,700 |
| 2026 | - | 443,700 | 443,700 |
| 2027 | - | 443,700 | 443,700 |
| 2028 | - | 443,700 | 443,700 |
| 2029-2033 | 1,795,000 | 2,174,750 | 3,969,750 |
| 2034-2038 | 5,325,000 | 1,263,000 | 6,588,000 |
| 2039-2040 | 2,485,000 | 150,000 | 2,635,000 |
| | <u>\$ 9,605,000</u> | <u>\$ 5,806,250</u> | <u>\$ 15,411,250</u> |

The District's long-term obligations will mature as follows:

| Year ending December 31, | Principal | Interest | Total |
|-------------------------------------|----------------------|----------------------|----------------------|
| 2024 | \$ 2,865,000 | \$ 2,825,032 | \$ 5,690,032 |
| 2025 | 3,045,000 | 2,710,894 | 5,755,894 |
| 2026 | 3,565,000 | 2,589,619 | 6,154,619 |
| 2027 | 3,715,000 | 2,445,180 | 6,160,180 |
| 2028 | 3,860,000 | 2,289,675 | 6,149,675 |
| 2029-2033 | 20,505,000 | 8,987,668 | 29,492,668 |
| 2034-2038 | 20,760,000 | 4,716,138 | 25,476,138 |
| 2039-2040 | 9,590,000 | 596,119 | 10,186,119 |
| Total | <u>\$ 67,905,000</u> | <u>\$ 27,160,325</u> | <u>\$ 95,065,325</u> |

Pledged Revenue - All District Bond Issues

All of the District bonds are secured by pledged revenue, which consists of moneys derived by the District from the following sources, after payment of the costs of collection (including any interest income thereon): (a) the District's limited mill levy, after deduction of any amounts due under certain inclusion agreements, (b) the specific ownership taxes distributed to the District as a result of the imposition of the limited mill levy and (c) any other legally available funds of the District deposited into the bond accounts. The limited mill levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount, when combined with other legally available funds in the bond accounts, is sufficient to pay the principal of, premium (if any) and interest on the bonds as the same become due and payable, but not in excess of 42.5 mills in any calendar year.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default – All District Bond Issues

Significant events of default by District include (i) failure to impose or collect the limited mill levy or apply other available pledged revenues, (ii) defaults in the performance or observance of any of the covenants, agreements or conditions in the indenture or the bond resolutions and (iii) legal proceedings filed under federal bankruptcy laws seeking to adjust the obligations represented by the bonds.

Upon the occurrence and continuance of an event of default, the owners of the bonds may proceed to protect and enforce the rights of the owners under the bond resolutions by mandamus or such other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction. In addition, acceleration of the bonds shall not be an available remedy for an event of default.

Authorized but Unissued Debt

As of December 31, 2023, the District had authorized but unissued indebtedness remaining of \$157,713,960 for various capital improvements and \$172,379,040 for bond refundings.

Service Plan Debt Limit

The service plan, as amended on August 3, 2020, imposes a separate debt limitation of \$105,000,000 upon the District (excluding costs associated with refundings). As of December 31, 2023, based on debt outstanding, the District will be entitled under the service plan to issue \$24,485,000 of additional debt, subject to other restrictions contained in the service plan. These restrictions are based upon the ratio of debt to assessed value of the District. The District may, however, amend these restrictions by obtaining an amendment to the service plan through the City of Aurora, which historically the District has done.

Leases

Lease Payable

The District entered into a lease agreement as lessee for the use of office space. The lease expires on December 31, 2025. At the commencement of the lease, the District measured the lease liability at the present value of payments expected to be made during the lease term using an interest rate of 5.0%.

Annual requirements to amortize this lease liability and related interest are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|-------------------|-----------------|-------------------|
| 2024 | \$ 92,264 | \$ 7,114 | \$ 99,378 |
| 2025 | 100,210 | 2,308 | 102,518 |
| | <u>\$ 192,474</u> | <u>\$ 9,422</u> | <u>\$ 201,896</u> |

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Subleases

The District receives payments under two long-term leases related to the sublease of office space leased by the District. The lease receivable is recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate of 5.0%. The leases expire on December 31, 2025. The leases are amortized as follows:

| Year ending December 31, | Principal | Interest | Total |
|--------------------------|------------|----------|------------|
| 2024 | \$ 84,507 | \$ 602 | \$ 85,109 |
| 2025 | 91,786 | 219 | 92,005 |
| | \$ 176,293 | \$ 821 | \$ 177,114 |

NOTE 6 – FUND EQUITY

As of December 31, 2023, the classifications of fund equity are as follows:

Nonspendable Fund Balance

The amount of \$37,568 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Restricted Fund Balance

The amount of \$62,000 in the General Fund is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

The amount of \$1,507,894 in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs (see Note 5).

The amount of \$5,181,874 in the Capital Projects Fund is to be used exclusively for capital projects.

Unassigned Fund Balance

The unassigned fund balance in the General Fund is \$2,467,789.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 7 – NET POSITION (DEFICIT)

Net position consists of three components: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets owned by the District, net of accumulated depreciation and reduced by the outstanding balances of long-term obligations that are attributable to the acquisition, construction or improvement of assets owned by the District and assets transferred to other governments.

As of December 31, 2023, the District had a net deficit in capital assets of \$27,724,651.

The restricted portion of the net position includes amounts that are restricted either externally by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position as of December 31, 2023 is as follows:

| | Total |
|-----------------------------|-----------|
| Restricted net position: | |
| Emergency reserve (Note 11) | \$ 62,000 |
| Restricted net position | \$ 62,000 |

Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

NOTE 8 –REIMBURSEMENT AND INTERGOVERNMENTAL AGREEMENTS

The District assumed the Developer’s cost sharing agreements with the City of Aurora for public improvements related to streets and utility improvements for portions of 40th Avenue, 38th Avenue and Tower Road, which are subject to an annexation agreement of land within the District into the City of Aurora.

The District has ongoing cost sharing and reimbursement agreements with the City of Aurora and other entities within and outside of the District for both maintenance and capital construction projects, reimbursements and liens on various properties in the District. During 2023, the District did not receive any reimbursements nor any payments under such agreements.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 – REIMBURSEMENT AND INTERGOVERNMENTAL AGREEMENTS
(CONTINUED)

Bedrock Cost Share Agreement

On January 5, 2022, the District entered into a cost sharing and construction right-of-way agreement with C.P. Bedrock LLC (Bedrock) setting forth certain responsibilities regarding construction and payment related to certain street improvements, utilities and easements for a portion of 45th Avenue in the City of Denver (Bedrock Improvements). Costs related to District improvements are to be paid by the District, provided that the actual costs do not exceed \$2,054,026 without the prior written approval of Bedrock. Upon completion, the Bedrock Improvements are expected to be conveyed to the City of Denver by the District and Bedrock is to reimburse the District for 50% of the costs. To date the District has received no reimbursement from Bedrock.

NOTE 9 – THE DEVELOPER / RELATED PARTY

The Developer of the property within the District is Gateway Business Park, LLC (the Developer). The board of directors of the District are owners, previous employees or consultants associated with the Developer, and may have conflicts of interest in dealing with the District as well as ownership of other entities related to the development of the project.

The District has contracted with a related entity of the Developer, PaulsCorp, LLC, for construction, management, administrative, and clerical services. During 2023, the District incurred management expenditures related to PaulsCorp, LLC in the amount of \$286,737. As of December 31, 2023, the District owed PaulsCorp, LLC. \$60,015. This amount is included in the District payables.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is one of approximately 360 special districts, which are members of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. The Pool provides for liability coverage for claims up to \$2,000,000. Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000. Workers' compensation claims are covered up to statutory limits with claims related to employer's liability up to \$2,000,000. Settled claims have not exceeded this coverage in any of the last three fiscal years.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from insurance 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 that 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.

By election on November 7, 2000, the voters approved an exemption from the above tax, revenue and spending limitations in 2000 and annually thereafter through and including 2028. TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bond debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. For the year ended December 31, 2023, the District calculated the reserve as 3% of total expenditures in the General and restricted this amount to comply with TABOR.

The District's management believes it complies 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.

NOTE 12 – SUBSEQUENT EVENT

On March 1, 2024, the District issued its \$15,675,000 General Obligation Limited Tax Improvement Bonds, Series 2024 (2024 Bonds), the net proceeds of which were used to finance the acquisition, construction and installation of capital projects for the benefit of the District. Interest on the 2024 Bonds is payable semi-annually on June 1 and December 1 each year commencing on June 1, 2024. The payment of principal on the 2024 Bonds is due on December 1 each year commencing on December 1, 2024 and the 2024 Bonds mature on December 1, 2040. The interest rate on the 2024 Bonds is 5.0% per annum.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAND CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2023

| | Actual 2022 | 2023 Budget Amounts | | Actual 2023 | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---------------------|---|
| | | Original | Final | | |
| Revenues | | | | | |
| Property taxes | \$ 1,580,324 | \$ 1,627,104 | \$ 1,627,104 | \$ 1,601,984 | \$ (25,120) |
| Specific ownership taxes | 112,517 | 97,626 | 97,626 | 111,026 | 13,400 |
| Reimbursements | 885,015 | 1,882,154 | 1,882,154 | 44,979 | (1,837,175) |
| Contract revenue | 22,365 | 23,004 | 23,004 | 22,365 | (639) |
| Office sublease revenue | 206,748 | 170,000 | 170,000 | 234,120 | 64,120 |
| Assessments and miscellaneous | - | 8,000 | 8,000 | 14,750 | 6,750 |
| Interest | 7,406 | 7,500 | 60,000 | 64,815 | 4,815 |
| Total revenues | <u>2,814,375</u> | <u>3,815,388</u> | <u>3,867,888</u> | <u>2,094,039</u> | <u>(1,773,849)</u> |
| Expenditures | | | | | |
| Accounting and audit | 36,505 | 12,000 | 20,000 | 156,516 | (136,516) |
| County treasurer fees | 22,548 | 25,000 | 25,000 | 22,818 | 2,182 |
| Insurance | 13,781 | 15,000 | 15,000 | 19,616 | (4,616) |
| Landscape maintenance | 910,949 | 884,500 | 1,018,000 | 819,155 | 198,845 |
| Legal | 20,819 | 18,000 | 18,000 | 32,272 | (14,272) |
| Management fees | 94,160 | 65,000 | 65,000 | 161,662 | (96,662) |
| Miscellaneous | 3,090 | 30,750 | 30,750 | 12,009 | 18,741 |
| Office lease | 246,479 | 211,000 | 237,000 | 251,522 | (14,522) |
| Repairs and maintenance | 217,186 | 110,000 | 110,000 | 234,935 | (124,935) |
| Tax rebates and liens | 90,540 | 71,000 | 71,000 | - | 71,000 |
| Utilities | 451,914 | 454,000 | 462,500 | 352,676 | 109,824 |
| Total expenditures | <u>2,107,971</u> | <u>1,896,250</u> | <u>2,072,250</u> | <u>2,063,181</u> | <u>9,069</u> |
| Excess of revenues over expenditures | 706,404 | 1,919,138 | 1,795,638 | 30,858 | (1,764,780) |
| Other financing uses | | | | | |
| Transfer to other funds | - | (1,800,000) | (1,800,000) | - | 1,800,000 |
| Total other financing uses | <u>-</u> | <u>(1,800,000)</u> | <u>(1,800,000)</u> | <u>-</u> | <u>1,800,000</u> |
| Net change in fund balance | 706,404 | 119,138 | (4,362) | 30,858 | 35,220 |
| Fund balance - beginning of year | 1,830,095 | 1,863,849 | 3,065,933 | 2,536,499 | (529,434) |
| Fund balance - end of year | <u>\$ 2,536,499</u> | <u>\$ 1,982,987</u> | <u>\$ 3,061,571</u> | <u>\$ 2,567,357</u> | <u>\$ (494,214)</u> |

SUPPLEMENTARY INFORMATION

SAND CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2023

| | Actual | 2023 Budget Amounts | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|---------------------|--|
| | 2022 | Original | Final | 2023 | Final Budget - Positive (Negative) |
| Revenues | | | | | |
| Property taxes | \$ 5,007,107 | \$ 5,191,771 | \$ 5,191,771 | \$ 5,180,041 | \$ (11,730) |
| Specific ownership taxes | 354,352 | 311,506 | 311,506 | 340,135 | 28,629 |
| Interest | 3,049 | 10,000 | 85,000 | 139,395 | 54,395 |
| Total revenues | <u>5,364,508</u> | <u>5,513,277</u> | <u>5,588,277</u> | <u>5,659,571</u> | <u>71,294</u> |
| Expenditures | | | | | |
| County treasurer fees | 70,020 | 75,000 | 85,000 | 71,901 | 13,099 |
| Bond principal | 2,655,000 | 2,755,000 | 2,900,000 | 2,755,000 | 145,000 |
| Bond interest | 2,592,606 | 2,491,069 | 2,732,315 | 2,491,069 | 241,246 |
| Paying agent and cash management fees | 2,695 | - | - | 2,090 | (2,090) |
| Miscellaneous | 21,413 | - | 3,500 | 5,643 | (2,143) |
| Property tax rebates | 84,648 | 99,460 | 99,460 | 84,641 | 14,819 |
| Total expenditures | <u>5,426,382</u> | <u>5,420,529</u> | <u>5,820,275</u> | <u>5,410,344</u> | <u>409,931</u> |
| Excess of revenues over (under) expenditures | <u>(61,874)</u> | <u>92,748</u> | <u>(231,998)</u> | <u>249,227</u> | <u>481,225</u> |
| Other financing sources (uses) | | | | | |
| Bond proceeds | - | 27,172,986 | 24,251,058 | - | (24,251,058) |
| Bond issuance costs | - | (3,800,498) | (1,473,861) | - | 1,473,861 |
| Transfer to refunding escrow agent | - | (13,522,488) | (22,953,123) | - | 22,953,123 |
| Transfers to (from) other funds | - | (10,000,000) | 450,000 | - | (450,000) |
| Total other financing sources (uses) | <u>-</u> | <u>(150,000)</u> | <u>274,074</u> | <u>-</u> | <u>(274,074)</u> |
| Net change in fund balance | <u>(61,874)</u> | <u>(57,252)</u> | <u>42,076</u> | <u>249,227</u> | <u>207,151</u> |
| Fund balance - beginning of year | <u>1,320,541</u> | <u>1,048,312</u> | <u>978,290</u> | <u>1,258,667</u> | <u>280,377</u> |
| Fund balance - end of year | <u>\$ 1,258,667</u> | <u>\$ 991,060</u> | <u>\$ 1,020,366</u> | <u>\$ 1,507,894</u> | <u>\$ 487,528</u> |

SAND CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2023

| | Actual 2022 | 2023 Budget Amounts | | Actual 2023 | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|----------------------|---------------------|---|
| | | Original | Final | | |
| Revenues | | | | | |
| Interest | \$ 32,338 | \$ 15,000 | \$ 200,000 | \$ 407,713 | \$ 207,713 |
| Total revenues | <u>32,338</u> | <u>15,000</u> | <u>200,000</u> | <u>407,713</u> | <u>207,713</u> |
| Expenditures | | | | | |
| General | | | | | |
| Contract services | 2,814 | 375,000 | 187,500 | - | 187,500 |
| Repairs and maintenance | 595,952 | - | - | 457,388 | (457,388) |
| Management fees | 175,906 | 187,500 | 350,000 | 338,740 | 11,260 |
| Landscape maintenance | 178,763 | (35,000) | 100,000 | 125,075 | (25,075) |
| Debt service | | | | | |
| Bond interest | - | - | - | 384,540 | (384,540) |
| Bond issuance costs | - | - | - | 417,108 | (417,108) |
| Paying agent and cash management fees | - | - | - | 251 | (251) |
| Capital outlay | | | | | |
| Infrastructure | 3,352,714 | 12,500,000 | 22,557,500 | 10,605,500 | 11,952,000 |
| Total expenditures | <u>4,306,149</u> | <u>13,027,500</u> | <u>23,195,000</u> | <u>12,328,602</u> | <u>10,866,398</u> |
| Excess of expenditures over revenues | <u>(4,273,811)</u> | <u>(13,012,500)</u> | <u>(22,995,000)</u> | <u>(11,920,889)</u> | <u>11,074,111</u> |
| Other financing sources | | | | | |
| Bond proceeds | - | 10,000,000 | 25,000,000 | 9,605,000 | (15,395,000) |
| Bond premium | - | - | - | 758,407 | 758,407 |
| Transfer from other funds | - | 3,200,000 | 1,800,000 | - | (1,800,000) |
| Total other financing sources | <u>-</u> | <u>13,200,000</u> | <u>26,800,000</u> | <u>10,363,407</u> | <u>(16,436,593)</u> |
| Net change in fund balance | <u>(4,273,811)</u> | <u>187,500</u> | <u>3,805,000</u> | <u>(1,557,482)</u> | <u>(5,362,482)</u> |
| Fund balance - beginning of year | <u>11,013,167</u> | <u>(351,883)</u> | <u>9,232,697</u> | <u>6,739,356</u> | <u>(2,493,341)</u> |
| Fund balance (deficit) - end of year | <u>\$ 6,739,356</u> | <u>\$ (164,383)</u> | <u>\$ 13,037,697</u> | <u>\$ 5,181,874</u> | <u>\$ (7,855,823)</u> |

OTHER INFORMATION

**SAND CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
BONDED DEBT OBLIGATIONS**

December 31, 2023

Interest Due June 1 and December 1

Principal Due December 1

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|----------------------|----------------------|
| 2024 | \$ 2,865,000 | \$ 2,825,032 | \$ 5,690,032 |
| 2025 | 3,045,000 | 2,710,894 | 5,755,894 |
| 2026 | 3,565,000 | 2,589,619 | 6,154,619 |
| 2027 | 3,715,000 | 2,445,180 | 6,160,180 |
| 2028 | 3,860,000 | 2,289,675 | 6,149,675 |
| 2029 | 4,020,000 | 2,140,168 | 6,160,168 |
| 2030 | 4,185,000 | 1,983,300 | 6,168,300 |
| 2031 | 5,160,000 | 1,812,550 | 6,972,550 |
| 2032 | 3,495,000 | 1,602,050 | 5,097,050 |
| 2033 | 3,645,000 | 1,449,600 | 5,094,600 |
| 2034 | 3,805,000 | 1,290,494 | 5,095,494 |
| 2035 | 3,970,000 | 1,124,350 | 5,094,350 |
| 2036 | 4,145,000 | 950,919 | 5,095,919 |
| 2037 | 4,325,000 | 769,750 | 5,094,750 |
| 2038 | 4,515,000 | 580,625 | 5,095,625 |
| 2039 | 4,700,000 | 394,794 | 5,094,794 |
| 2040 | 4,890,000 | 201,325 | 5,091,325 |
| | <u>\$ 67,905,000</u> | <u>\$ 27,160,325</u> | <u>\$ 95,065,325</u> |

SAND CREEK METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, PROPERTY TAXES COLLECTED AND EXCLUSION ADJUSTMENTS
 December 31, 2023

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year | | | Mills Levied | | | Prior Year Assessed | | Mills | | Total Property Taxes | | Percentage Collected to Levied |
|---|--|----------------|----------------|---------------------|---------|-----------------|------------------------------------|---|----------------------------|--------------|----------------------|---------|--------------------------------------|
| | City and County of Denver | Adams County | Total | Percent Increase | General | Debt Service | Valuation - Denver Debt Only | Total Adjusted Assessed Valuation | Levied - Denver Debt | Levied | Collected | | |
| 2019 | \$ 36,756,170 | \$ 168,144,910 | \$ 204,901,080 | - | 6.500 | 21.000 | \$ 14,435,470 | \$ 219,336,550 | 16.000 | \$ 5,865,748 | \$ 5,866,231 | 100.01% | |
| 2020 | \$ 48,594,240 | \$ 198,265,620 | \$ 246,859,860 | - | 5.750 | 18.500 | \$ 17,369,470 | \$ 264,229,330 | 16.000 | \$ 6,264,264 | \$ 6,206,030 | 99.07% | |
| 2021 | \$ 51,792,950 | \$ 219,275,090 | \$ 271,068,040 | 9.81% | 5.750 | 18.000 | \$ 17,364,660 | \$ 288,432,700 | 16.000 | \$ 6,715,701 | \$ 6,577,363 | 97.94% | |
| 2022 | \$ 43,442,650 | \$ 234,952,470 | \$ 278,395,120 | 2.70% | 5.750 | 17.000 | \$ 24,909,280 | \$ 303,304,400 | 16.000 | \$ 6,732,037 | \$ 6,587,431 | 97.85% | |
| 2023 | \$ 45,364,070 | \$ 236,513,590 | \$ 281,877,660 | 1.25% | 5.750 | 17.000 | \$ 23,617,860 | \$ 305,495,520 | 16.000 | \$ 6,790,603 | \$ 6,782,025 | 99.87% | |
| Estimated for the year ending December 31, 2024 | \$ 55,621,100 | \$ 336,768,140 | \$ 392,389,240 | 39.21% | 6.000 | 15.200 | \$ 26,637,710 | \$ 419,026,950 | 15.200 | \$ 8,738,839 | | | |

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.