

**SECOND CREEK RANCH
METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**SECOND CREEK RANCH METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
RESERVE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL	7
CARRIAGE HOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	8
ACTIVE ADULT CLUBHOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL	9
NOTES TO BASIC FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
PIFA FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
CAPITAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	24
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	25



Board of Directors
Second Creek Ranch Metropolitan District
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Second Creek Ranch 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 Second Creek Ranch Metropolitan District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund, reserve fund, carriage house fund, and active adult clubhouse fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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



Wipfli LLP
Denver, Colorado

June 20, 2025

BASIC FINANCIAL STATEMENTS

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 27,880
Cash and Investments - Restricted	3,527,352
Accounts Receivable	106,027
Due from Other Districts	8,644
Prepaid Expenses	510
Property Taxes Receivable	2,181
Capital Assets, Not Being Depreciated	13,833,482
Total Assets	<u>17,506,076</u>
LIABILITIES	
Accounts Payable	968,540
Deferred revenue	5,395
PIFA Deposits	2,265,343
Retainage Payable	312,260
Noncurrent Liabilities:	
Due in More Than One Year	7,293,147
Total Liabilities	<u>10,844,685</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	2,181
Total Deferred Inflows of Resources	<u>2,181</u>
NET POSITION	
Restricted for:	
Emergency Reserves	31,400
Unrestricted	<u>6,627,810</u>
Total Net Position	<u>\$ 6,659,210</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 2,074,286	\$ 517,227	\$ 520,514	\$ 7,765,353
Interest and Related Costs on Long-Term Debt	164,194	-	-	(164,194)
Total Governmental Activities	\$ 2,238,480	\$ 517,227	\$ 520,514	7,601,159
GENERAL REVENUES				
Property Taxes				3,331
Specific Ownership Taxes				190
Net Investment Income				3,213
Other Revenue				1,250
Total General Revenues				7,984
CHANGE IN NET POSITION				7,609,143
Net Position - Beginning of Year				(949,933)
NET POSITION - END OF YEAR				\$ 6,659,210

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

ASSETS	General	Reserve	Carriage House	Active Adult Clubhouse	PIFA	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 27,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,880
Cash and Investments - Restricted	33,984	12,012	24,557	2,991	2,265,343	1,188,465	3,527,352
Accounts Receivable	32,801	14,064	51,145	8,017	-	-	106,027
Prepaid Expenses	510	-	-	-	-	-	510
Property Taxes Receivable	2,181	-	-	-	-	-	2,181
Due from Other Funds	7,099	-	-	-	-	-	7,099
Due from Other Districts	8,644	-	-	-	-	-	8,644
Total Assets	<u>\$ 113,099</u>	<u>\$ 26,076</u>	<u>\$ 75,702</u>	<u>\$ 11,008</u>	<u>\$ 2,265,343</u>	<u>\$ 1,188,465</u>	<u>\$ 3,679,693</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 99,709	\$ 36,309	\$ 9,632	\$ 68,206	\$ -	\$ 754,684	\$ 968,540
Retainage Payable	-	-	-	-	-	312,260	312,260
Deferred revenue	-	1,640	3,094	661	-	-	5,395
Due to Other Funds	-	-	-	-	-	7,099	7,099
PIFA Deposits	-	-	-	-	2,265,343	-	2,265,343
Total Liabilities	<u>99,709</u>	<u>37,949</u>	<u>12,726</u>	<u>68,867</u>	<u>2,265,343</u>	<u>1,074,043</u>	<u>3,558,637</u>
DEFERRED INFLOWS OF RESOURCES							
Property Tax Revenue	2,181	-	-	-	-	-	2,181
Total Deferred Inflows of Resources	<u>2,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,181</u>
FUND BALANCES (Deficits)							
Nonspendable:							
Prepaid Expenses	510	-	-	-	-	-	510
Restricted for:							
Emergency Reserves	16,100	4,700	8,700	1,900	-	-	31,400
Assigned to:							
Carriage House Operations	-	-	54,276	-	-	-	54,276
Unassigned:							
General Government	(5,401)	(16,573)	-	(59,759)	-	114,422	32,689
Total Fund Balances	<u>11,209</u>	<u>(11,873)</u>	<u>62,976</u>	<u>(57,859)</u>	<u>-</u>	<u>114,422</u>	<u>118,875</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 113,099</u>	<u>\$ 26,076</u>	<u>\$ 75,702</u>	<u>\$ 11,008</u>	<u>\$ 2,265,343</u>	<u>\$ 1,188,465</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets 13,833,482

Long-term liabilities, including Developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds.

Developer Advance Payable (7,052,533)

Developer Advance Payable - Accrued Interest (240,614)

Net Position of Governmental Activities \$ 6,659,210

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Reserve	Carriage House	Active Adult Clubhouse	PIFA	Capital Project	Total Governmental Funds
REVENUES							
Property Taxes	\$ 3,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,331
Specific Ownership Tax	190	-	-	-	-	-	190
Intergovernmental Revenues	520,514	-	-	-	-	29,414	549,928
Reimbursed Expenditures	-	-	-	-	-	1,158,367	1,158,367
Design Fees	6,695	-	-	-	-	-	6,695
Service Fees	-	153,699	294,911	61,922	-	-	510,532
Other Revenue	-	1,250	-	-	-	-	1,250
Net Investment Income	2,530	-	-	-	-	683	3,213
Total Revenues	<u>533,260</u>	<u>154,949</u>	<u>294,911</u>	<u>61,922</u>	<u>-</u>	<u>1,188,464</u>	<u>2,233,506</u>
EXPENDITURES							
General	766,701	-	-	-	-	-	766,701
Reserve	-	353,953	-	-	-	-	353,953
Carriage House	-	-	246,297	-	-	-	246,297
Clubhouse Events	-	-	-	545,694	-	-	545,694
Capital Projects	-	-	-	-	-	6,381,006	6,381,006
Total Expenditures	<u>766,701</u>	<u>353,953</u>	<u>246,297</u>	<u>545,694</u>	<u>-</u>	<u>6,381,006</u>	<u>8,293,651</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(233,441)	(199,004)	48,614	(483,772)	-	(5,192,542)	(6,060,145)
OTHER FINANCING SOURCES (USES)							
Developer Advance	152,817	256,298	6,000	607,884	-	5,306,964	6,329,963
Total Other Financing Sources (Uses)	<u>152,817</u>	<u>256,298</u>	<u>6,000</u>	<u>607,884</u>	<u>-</u>	<u>5,306,964</u>	<u>6,329,963</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(80,624)	57,294	54,614	124,112	-	114,422	269,818
Fund Balances (Deficits) - Beginning of Year	<u>91,833</u>	<u>(69,167)</u>	<u>8,362</u>	<u>(181,971)</u>	<u>-</u>	<u>-</u>	<u>(150,943)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 11,209</u>	<u>\$ (11,873)</u>	<u>\$ 62,976</u>	<u>\$ (57,859)</u>	<u>\$ -</u>	<u>\$ 114,422</u>	<u>\$ 118,875</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund balances - Governmental Funds \$ 269,818

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	6,219,365
Transfer of Public Improvements from Other Governments	7,614,117

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance	(6,329,963)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability	(164,194)
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Change in Net Position of Governmental Activities	\$ 7,609,143
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**SECOND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 3,331	\$ 3,331	\$ 3,331	\$ -
Specific Ownership Taxes	233	233	190	(43)
Design Fees	-	-	6,695	6,695
Intergovernmental Revenues	520,305	521,147	520,514	(633)
Net Investment Income	700	2,000	2,530	530
Total Revenues	<u>524,569</u>	<u>526,711</u>	<u>533,260</u>	<u>6,549</u>
EXPENDITURES				
Accounting	65,000	125,000	137,098	(12,098)
Architectural Control/Community Services	30,000	28,000	31,556	(3,556)
Audit	6,000	10,000	12,500	(2,500)
Chemical Maintenance	30,000	6,000	4,050	1,950
Contingency	17,149	50,000	-	50,000
County Treasurer's Fee	50	50	51	(1)
Covenant Control	12,000	35,000	24,732	10,268
Design Fees	1,500	3,000	1,779	1,221
Directors Fees	-	800	-	800
District Management	75,000	115,000	109,115	5,885
Dues and Licenses	2,000	3,348	3,348	-
Election	15,000	19,975	19,975	-
Events	5,000	5,000	-	5,000
Fence Repairs	2,500	2,500	68	2,432
Insurance	15,000	15,249	15,958	(709)
Irrigation Repairs	3,100	3,100	6,300	(3,200)
Landscape Repairs	1,500	1,500	-	1,500
Landscape Maintenance - Common Areas	45,000	65,000	35,213	29,787
Landscape Maintenance - Ponds	10,000	10,000	-	10,000
Legal	80,000	230,000	239,487	(9,487)
Miscellaneous	1,000	1,000	5,841	(4,841)
Other Maintenance and Repairs - Common Areas	5,000	5,000	-	5,000
Plant Material Replacement - Common Areas	5,000	5,000	-	5,000
Snow Removal	10,000	50,000	11,576	38,424
Utilities - Electricity - Common Areas	1,000	1,000	-	1,000
Utilities - Electricity - Ponds	5,000	5,000	-	5,000
Utilities - Irrigation	5,000	60,000	106,497	(46,497)
Utilities Locates	1,200	200	72	128
Utilities - Storm Drainage	1,000	500	236	264
Water Rights	5,000	5,000	169	4,831
Water System Maintenance	5,000	5,000	-	5,000
Water Well Maintenance	5,000	5,000	-	5,000
Website management	10,000	5,000	1,080	3,920
Total Expenditures	<u>474,999</u>	<u>876,222</u>	<u>766,701</u>	<u>105,601</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	49,570	(349,511)	(233,441)	116,070
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	314,494	152,817	(161,677)
Total Other Financing Sources (Uses)	<u>-</u>	<u>314,494</u>	<u>152,817</u>	<u>(161,677)</u>
NET CHANGE IN FUND BALANCE	49,570	(35,017)	(80,624)	(45,607)
Fund Balance - Beginning of Year	<u>88,656</u>	<u>50,917</u>	<u>91,833</u>	<u>40,916</u>
FUND BALANCE - END OF YEAR	<u>\$ 138,226</u>	<u>\$ 15,900</u>	<u>\$ 11,209</u>	<u>\$ (4,691)</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Service Fees	\$ 366,960	\$ 153,699	\$ (213,261)
Other Revenue	-	1,250	1,250
Total Revenues	<u>366,960</u>	<u>154,949</u>	<u>(212,011)</u>
EXPENDITURES			
Accounting	20,000	-	20,000
Billing	20,000	25,547	(5,547)
Insurance	20,000	-	20,000
District Management	66,000	79,459	(13,459)
Legal	15,000	-	15,000
Miscellaneous	1,000	22,436	(21,436)
Architectural Control/Community Services	1,000	-	1,000
Irrigation Repairs	5,000	8,717	(3,717)
Landscape Maintenance - Common Areas	40,000	38,779	1,221
Landscape Maintenance - Front Yards	135,000	-	135,000
Gate Maintenance and Repairs	12,000	-	12,000
Gate/Guardhouse DSL	900	1,431	(531)
Trash Removal	20,000	20,121	(121)
Other Maintenance and Repairs	5,000	19,784	(14,784)
Snow Removal - Driveways	100,000	105,797	(5,797)
Snow Removal - Streets	5,000	31,882	(26,882)
Entrance Operations	31,000	-	31,000
Contingency	13,100	-	13,100
Total Expenditures	<u>510,000</u>	<u>353,953</u>	<u>156,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(143,040)	(199,004)	(55,964)
OTHER FINANCING SOURCES (USES)			
Developer Advance	180,000	256,298	76,298
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>256,298</u>	<u>76,298</u>
NET CHANGE IN FUND BALANCE	36,960	57,294	20,334
Fund Balance (Deficit) - Beginning of Year	<u>3,480</u>	<u>(69,167)</u>	<u>(72,647)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 40,440</u>	<u>\$ (11,873)</u>	<u>\$ (52,313)</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
CARRIAGE HOUSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service Fees	\$ 348,480	\$ 300,000	\$ 294,911	\$ (5,089)
Total Revenues	348,480	300,000	294,911	(5,089)
EXPENDITURES				
Accounting	12,000	12,000	-	12,000
Billing	18,000	30,000	34,811	(4,811)
District Management	18,000	20,000	18,193	1,807
Miscellaneous	1,000	-	-	-
Covenant Control	2,500	1,200	945	255
Irrigation Repairs	7,500	20,000	17,743	2,257
Landscape Maintenance - Front Yards	115,000	150,000	131,083	18,917
Plant Material Replacement	10,000	10,000	-	10,000
Winter Watering	1,200	1,200	-	1,200
Other Maintenance and Repairs	5,000	2,000	805	1,195
Snow Removal	50,000	60,000	42,717	17,283
Contingency	4,800	15,000	-	15,000
Total Expenditures	245,000	321,400	246,297	75,103
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	103,480	(21,400)	48,614	70,014
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	22,038	6,000	(16,038)
Total Other Financing Sources (Uses)	-	22,038	6,000	(16,038)
NET CHANGE IN FUND BALANCE	103,480	638	54,614	53,976
Fund Balance - Beginning of Year	6,133	8,362	8,362	-
FUND BALANCE - END OF YEAR	<u>\$ 109,613</u>	<u>\$ 9,000</u>	<u>\$ 62,976</u>	<u>\$ 53,976</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
ACTIVE ADULT CLUBHOUSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Service Fees	\$ 147,840	\$ 58,000	\$ 61,922	\$ 3,922
Total Revenues	147,840	58,000	61,922	3,922
EXPENDITURES				
Clubhouse Events	58,236	65,000	40,449	24,551
Utilities - Electricity	30,766	50,000	25,567	24,433
Utilities - Gas	24,189	15,000	-	15,000
Utilities - Water/Storm/Sewer	50,393	25,000	16,686	8,314
Landscape Maintenance	28,500	60,000	42,888	17,112
Fitness Equipment Maintenance	18,000	9,000	-	9,000
Fitness Program	3,000	5,000	3,235	1,765
Trash Removal	5,800	3,000	1,308	1,692
Snow Removal	12,500	12,500	-	12,500
Lifestyle Concierge	289,560	289,560	272,359	17,201
Part-Time/Seasonal Associates	34,980	43,000	38,204	4,796
Community Teams Support	6,000	19,000	9,498	9,502
Member Website/Program Licenses	7,200	-	-	-
Meeting Supplies	1,800	8,000	4,281	3,719
Miscellaneous	-	6,000	1,872	4,128
General Office Supplies/Postage	600	-	-	-
Office Equipment/Supplies/Repair	600	-	-	-
Cleaning Services	24,000	24,000	23,946	54
Security/Fire Alarm Monitoring	1,200	-	-	-
Fitness Equipment - Replacement	2,500	2,500	-	2,500
Facilities - HVAC	8,000	-	-	-
Facilities - Pool	40,600	50,000	51,440	(1,440)
Facilities - Pest Control	2,400	-	1,240	(1,240)
Facilities - Building Repairs	6,000	-	-	-
Phone/Internet/Cable	8,751	15,000	12,721	2,279
Contingency	-	25,000	-	25,000
Total Expenditures	665,575	726,560	545,694	180,866
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(517,735)	(668,560)	(483,772)	184,788
OTHER FINANCING SOURCES (USES)				
Developer Advance	523,000	875,000	607,884	(267,116)
Total Other Financing Sources (Uses)	523,000	875,000	607,884	(267,116)
NET CHANGE IN FUND BALANCE	5,265	206,440	124,112	(82,328)
Fund Balance - Beginning of Year	-	(202,896)	(181,971)	20,925
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 5,265</u>	<u>\$ 3,544</u>	<u>\$ (57,859)</u>	<u>\$ (61,403)</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Second Creek Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on September 11, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Adams County, Colorado. The District was established to provide construction, installation, financing, and operation of public improvements, including street improvements, park and recreational facilities, water, sanitary sewer, and storm drainage, within and without the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental 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 a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Reserve Fund accounts for service fees collected from property owners and payments for operations and maintenance related to The Reserve Community.

The Carriage House Fund accounts for service fees collected from property owners and payments for operations and maintenance related to the Carriage House Filings.

The Active Adult Clubhouse Fund accounts for service fees collected from property owners and payments for operations and maintenance related to the Active Adult Clubhouse within The Reserve.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The PIFA Fund is used to account for financial resources to be used for the funding of public improvements.

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

Budgets

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

The District amended its annual budget three times for the year ended December 31, 2023.

Pooled Cash and Investments

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

Property Taxes

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

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

Service and Amenity Fees

Additional monthly fees are imposed on each property unit, or imposed annually for individuals, to fund the cost of operating and maintaining certain public improvements and providing certain services, including but not limited to, common landscaping, and clubhouse and pool amenities

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Deficits

The Reserve and Active Adult Clubhouse Funds reported deficits in the fund financial statements as of December 31, 2023. The deficits will be eliminated with the receipt of funds advanced by Clayton Properties Group II, Inc. d/b/a Oakwood Homes (the Developer) in 2024.

Equity

Net Position

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

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

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

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	\$ 27,880
Cash and Investments – Restricted	<u>3,527,352</u>
Total Cash and Investments	<u><u>\$ 3,555,232</u></u>

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

Deposits with Financial Institutions	\$ 3,475,061
Investments	<u>80,171</u>
Total Cash and Investments	<u><u>\$ 3,555,232</u></u>

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

On December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$3,475,061.

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase and reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 50,073
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	30,098
	Total	<u>\$ 80,171</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601, CRS, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under Section 24-75-601, C.R.S.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023	Due Within One Year
Governmental Activities					
Developer Advance	\$ 722,570	\$ 6,329,963	\$ -	\$ 7,052,533	\$ -
Accrued Interest on Developer Advance	76,420	164,194	-	240,614	-
Total Bonds Payable	<u>\$ 798,990</u>	<u>\$ 6,494,157</u>	<u>\$ -</u>	<u>\$ 7,293,147</u>	<u>\$ -</u>

The details of the District’s long-term obligations are as follows:

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)

Developer Advances

Advance and Reimbursement Agreement (Operations and Maintenance Expenses)

On February 23, 2023 the District entered into an Advance and Reimbursement Agreement (Operations and Maintenance Expenses) to repay advances made by the Developer for operations costs. The District agreed to repay the Developer for such operations advances plus accrued interest at the rate of 8%. Under the agreement, the previous operations advances were acknowledged. As of December 31, 2023, outstanding advances under the agreement totaled \$1,745,569 and accrued interest totaled \$171,808.

Advance and Reimbursement Agreement (Capital Expenses)

On May 26, 2023 the District entered into an Advance and Reimbursement Agreement for Public Improvement Contracts (Capital Expenses). The District agreed to repay the Developer for such operations advances plus accrued interest at the rate of 7%. As of December 31, 2023, outstanding advances under the agreement totaled \$5,306,964 and accrued interest totaled \$68,806.

Authorized Debt

On November 4, 2014, the District's electors authorized the incurrence of general obligation bonds totaling \$577,155,000 in principal.

	Authorized November 4, 2014 Election	Total Authorized Debt
Streets	\$ 577,155,000	\$ 577,155,000
Sanitation	577,155,000	577,155,000
Water	577,155,000	577,155,000
Park and Recreation	577,155,000	577,155,000
Safety Protection	577,155,000	577,155,000
Fire Protection	577,155,000	577,155,000
Transportation	577,155,000	577,155,000
Mosquito Control	577,155,000	577,155,000
Television Relay and Translation	577,155,000	577,155,000
Debt for Operations	577,155,000	577,155,000
Refunding	577,155,000	577,155,000
Total	<u>\$ 6,348,705,000</u>	<u>\$ 6,348,705,000</u>

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 NET POSITION

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

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

Restricted Net Position:	
Emergency Reserves	\$ 31,400
Total Restricted Net Position	<u>\$ 31,400</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District has a deficit in unrestricted net position.

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is Clayton Properties Group, Inc. d/b/a/ Oakwood Homes (the Developer) as successor of other related entities including Clayton Properties Group II, Inc. The majority of members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 7 AGREEMENTS

IGA Concerning District Operations and Funding

On July 15, 2020, the District entered into an Intergovernmental Agreement Concerning District Operations and Funding (Operations and Funding IGA) with Green Valley Ranch East Metropolitan District No. 6 (GVRE6), Green Valley Ranch East Metropolitan District No. 7 (GVRE7), Green Valley Ranch East Metropolitan District No. 8 (GVRE8), and Central Adams County Water and Sanitation District (CACWSD) (collectively, the IGA Districts). The Operations and Funding IGA sets forth the IGA Districts' respective roles, responsibilities, and obligations with respect to the provision of administrative services, ownership, operation, and maintenance of public improvements and funding of the same, and to reflect agreed upon limitations of certain fees of the IGA Districts.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

IGA Concerning District Operations and Funding (Continued)

The IGA Districts agree that the net proceeds of bonds or other indebtedness shall be first used to repay obligations due to the Developer for public improvements that benefit the IGA Districts. All public improvements funded by the IGA Districts will be either dedicated to the City or other governmental entity or will be owned and operated by the District. The District will act as the operator of the IGA District owned improvements and will act as district administrator on behalf of the IGA Districts. As such, each IGA District imposes ad valorem property taxes and/or fees sufficient to fund the operation and maintenance costs of the IGA District owned improvements within their respective IGA District and the costs of administrative services. The IGA Districts may impose reasonable fees for the use of the IGA District owned improvements by IGA district residents provided that all such revenues are used to pay the costs of financing, administering, operating, and maintaining the IGA District owned improvements.

Escrow IGA Deposit and Distribution of ARTA Reimbursement Fund

On April 21, 2023, the District, GVRE6 and ARTA entered into the First Amendment and Assignment and Novation of Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction under which GVRE6 assigned the ARTA Projects IGA to the District. Concurrently with this assignment, the District entered into an escrow agreement with GVRE6, UMB Bank, and Schedio Group LLC. The escrow agreement defines construction projects of GVRE6 to be paid from ARTA Reimbursement Funds due to GVRE6 pursuant to the ARTA Projects IGA for completion of the 38th Avenue (Picadilly to Tibet) Project. GVRE6 received \$2,574,000 in ARTA Reimbursement Funds to be used for the construction projects as identified in the escrow agreement. The Windler Agreement was similarly assigned to the District. Further, GVRE6 assigned various construction and consultant contracts for projects to the District to fund and complete. It is expected that the District will undertake funding and construction of future public improvement projects.

PIFA Agreement

On July 24, 2023, the District, Clayton Properties (the Developer), and the City of Aurora (the City), entered into the Public Improvement Funding Agreement (PIFA Agreement). The PIFA Agreement sets forth the District, Developer and City's respective roles, responsibilities, and obligations with respect to the provision of financing, acquiring and constructing public improvements. Such improvements are Roadway Improvements. The PIFA agreement is effective as of the agreement date, and will terminate upon completion of the Roadway Improvements as accepted by the City, or other appropriate entity with jurisdiction.

NOTE 8 ECONOMIC DEPENDENCY

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**SECOND CREEK RANCH METROPOLITAN DISTRICT
PIFA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECOND CREEK RANCH METROPOLITAN DISTRICT
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Reimbursed Expenditures	\$ -	\$ -	\$ 1,158,367	\$ 1,158,367
Intergovernmental Revenues	-	-	29,414	29,414
Net Investment Income	-	-	683	683
Total Revenues	-	-	1,188,464	1,188,464
EXPENDITURES				
Accounting	-	15,000	6,033	8,967
Design Fees	-	8,000	4,000	4,000
Engineering	-	1,135,000	1,132,193	2,807
Legal	-	155,000	155,608	(608)
48th Avenue Improvements	-	800,000	587,536	212,464
Tibet Road Phase 1 Improvements	-	3,945,000	3,933,366	11,634
Tibet Road Phase 2 Improvements	-	500,000	354,833	145,167
Tibet Road Phase 3 Improvements	-	300,000	207,437	92,563
Contingency	-	100,000	-	100,000
Total Expenditures	-	6,958,000	6,381,006	576,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,958,000)	(5,192,542)	1,765,458
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	6,958,000	5,306,964	(1,651,036)
Total Other Financing Sources (Uses)	-	6,958,000	5,306,964	(1,651,036)
NET CHANGE IN FUND BALANCE	-	-	114,422	114,422
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 114,422	\$ 114,422

**SECOND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

<u>Year Ended December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Taxes</u>		Percentage Collected to Levied
		General Operations		Levied	Collected	
2019	\$ 29,840	0.000		\$ -	\$ -	- %
2020	8,890	0.000		-	-	-
2021	32,150	22.111		711	711	100.00
2022	167,730	22.111		3,709	3,709	100.00
2023	147,930	22.519		3,331	3,331	100.00
Estimated for Year Ending December 31, 2024	\$ 85,980	25.369		\$ 2,181		

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