

**ROCK CREEK METROPOLITAN DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**ROCK CREEK METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rock Creek Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rock Creek Metropolitan District ("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 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, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
September 27, 2024

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments	\$ 202
Cash and Investments - Restricted	802,808
Receivable from County Treasurer	55
Property Tax Receivable	6,650
Capital Assets:	
Capital Assets Not Being Depreciated	8,041,351
Total Assets	8,851,066
LIABILITIES	
Accounts Payable	19,582
Accrued Interest	23,721
Noncurrent Liabilities:	
Due in More Than One Year	10,226,450
Total Liabilities	10,269,753
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	6,650
Total Deferred Inflows of Resources	6,650
NET POSITION	
Restricted for:	
Emergency Reserve	100
Capital Projects	684,929
Unrestricted	(2,110,366)
Total Net Position	\$ (1,425,337)

See accompanying Notes to Basic Financial Statements.

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

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Primary Government: Governmental Activities:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Government	\$ 67,291	\$ -	\$ 735,817	\$ 668,526
Interest on Long-Term Debt and Related Costs	452,043	-	-	(452,043)
Total Governmental Activities	\$ 519,334	\$ -	\$ 735,817	216,483
GENERAL REVENUES				
Property Taxes				6,458
Specific Ownership Taxes				691
Interest Income				44,582
Total General Revenues and Transfers				51,731
CHANGES IN NET POSITION				
Net Position - Beginning of Year				268,214
				(1,693,551)
NET POSITION - END OF YEAR				\$ (1,425,337)

See accompanying Notes to Basic Financial Statements.

**ROCK CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 202	\$ -	\$ -	\$ 202
Cash and Investments - Restricted	100	116,635	686,073	802,808
Receivable from County Treasurer	9	46	-	55
Property Tax Receivable	1,108	5,542	-	6,650
Total Assets	\$ 1,419	\$ 122,223	\$ 686,073	\$ 809,715
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 18,438	\$ -	\$ 1,144	\$ 19,582
Total Liabilities	18,438	-	1,144	19,582
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	1,108	5,542	-	6,650
Total Deferred Inflows of Resources	1,108	5,542	-	6,650
FUND BALANCES				
Restricted for:				
Emergency Reserves	100	-	-	100
Debt Service	-	116,681	-	116,681
Capital Projects	-	-	684,929	684,929
Unassigned	(18,227)	-	-	(18,227)
Total Fund Balances	(18,127)	116,681	684,929	783,483
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,419	\$ 122,223	\$ 686,073	
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.				8,041,351
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued Interest				(395,187)
Bond Payable - Series A1				(6,110,000)
Bond Payable - Series A2				(3,432,000)
Developer Advance Payable				(312,984)
Net Position of Governmental Activities				\$ (1,425,337)

See accompanying Notes to Basic Financial Statements.

**ROCK CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,076	\$ 5,382	\$ -	\$ 6,458
Specific Ownership Taxes	115	576	-	691
Interest Income	18	14,224	30,340	44,582
Grant Proceeds	-	-	735,817	735,817
Total Revenues	<u>1,209</u>	<u>20,182</u>	<u>766,157</u>	<u>787,548</u>
EXPENDITURES				
Current:				
Accounting	24,534	-	4,268	28,802
Auditing	5,190	-	-	5,190
Banking Fees	40	-	-	40
County Treasurer's Fee	16	82	-	98
Dues And Membership	314	-	-	314
Election	1,266	-	-	1,266
Bond Interest - 2021	-	284,650	-	284,650
Insurance	2,571	-	-	2,571
Legal	21,085	-	925	22,010
Paying Agent Fees	-	7,000	-	7,000
Capital Projects:				
Capital Outlay	-	-	2,022,790	2,022,790
Total Expenditures	<u>55,016</u>	<u>291,732</u>	<u>2,027,983</u>	<u>2,374,731</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(53,807)	(271,550)	(1,261,826)	(1,587,183)
OTHER FINANCING SOURCES (USES)				
Developer Advance	58,000	-	-	58,000
Repay Developer Advance	-	-	(24,000)	(24,000)
Transfers (To)/From Other Funds	(6,642)	6,642	-	-
Total Other Financing Sources (Uses)	<u>51,358</u>	<u>6,642</u>	<u>(24,000)</u>	<u>34,000</u>
NET CHANGE IN FUND BALANCES	(2,449)	(264,908)	(1,285,826)	(1,553,183)
Fund Balances - Beginning of Year	<u>(15,678)</u>	<u>381,589</u>	<u>1,970,755</u>	<u>2,336,666</u>
FUND BALANCES - END OF YEAR	<u>\$ (18,127)</u>	<u>\$ 116,681</u>	<u>\$ 684,929</u>	<u>\$ 783,483</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,553,183)

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 2,022,790

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (58,000)
Repay Developer Advance 20,047

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 Payable - Change in Liability (146,287)
Accrued Interest Payable Developer Advance - Change in Liability (17,153)

Changes in Net Position of Governmental Activities \$ 268,214

**ROCK CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original & Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,076	\$ 1,076	\$ -
Specific Ownership Taxes	108	115	7
Interest Income	-	18	18
Total Revenues	<u>1,184</u>	<u>1,209</u>	<u>25</u>
EXPENDITURES			
Accounting	23,000	24,534	(1,534)
Auditing	-	5,190	(5,190)
Banking Fees	-	40	(40)
Contingency	9,303	-	9,303
County Treasurer's Fee	16	16	-
Directors' Fees	2,000	-	2,000
Dues And Membership	1,000	314	686
Election	5,000	1,266	3,734
Insurance	3,000	2,571	429
Legal	16,500	21,085	(4,585)
Miscellaneous	5,000	-	5,000
Payroll Taxes	153	-	153
Total Expenditures	<u>64,972</u>	<u>55,016</u>	<u>9,956</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,788)	(53,807)	9,981
OTHER FINANCING SOURCES (USES)			
Developer Advance	63,788	58,000	(5,788)
Transfers To Other Fund	-	(6,642)	(6,642)
Total Other Financing Sources (Uses)	<u>63,788</u>	<u>51,358</u>	<u>(12,430)</u>
NET CHANGE IN FUND BALANCE	-	(2,449)	(2,449)
Fund Balance - Beginning of Year	<u>100</u>	<u>(15,678)</u>	<u>(15,778)</u>
FUND BALANCE - END OF YEAR	<u>\$ 100</u>	<u>\$ (18,127)</u>	<u>\$ (18,227)</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Rock Creek 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 the City of Colorado Springs, El Paso County on January 23, 2018, 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 El Paso County, Colorado, entirely within the City of Colorado Springs (the City). The District operates under a Service Plan approved by the City on January 23, 2018.

The District was established to provide financing and construction for street improvements and drainage with safety protection, portable water and wastewater system, mosquito control, limited covenant enforcement, parks and open space, transportation system, and the operation and maintenance of the District.

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

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

The District has no employees, and all 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.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other 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.

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

The District does not depreciate its Construction in Progress capital assets.

Deferred Inflow of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 202
Cash and Investments - Restricted	802,808
Total Cash and Investments	\$ 803,010

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

Deposits with Financial Institutions	\$ 686,317
Investments	116,693
Total Cash and Investments	\$ 803,010

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.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

At December 31, 2023, the District's cash deposits had a bank balance of \$686,317.

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

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	\$ 116,693
		<u>\$ 116,693</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, 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 24-75-601.1, 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 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 at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 6,018,561	\$ 2,022,790	\$ -	\$ 8,041,351
Total Capital Assets, Not Being Depreciated	<u>\$ 6,018,561</u>	<u>\$ 2,022,790</u>	<u>\$ -</u>	<u>\$ 8,041,351</u>

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
G.O. Limited Tax & Special Revenue Bonds					
Series 2021 A-1	\$ 6,110,000	\$ -	\$ -	\$ 6,110,000	\$ -
Special Revenue Bonds					
Series 2021 A-2	3,432,000	-	-	3,432,000	-
Accrued Interest					
Series 2021 A-2	225,179	146,287	-	371,466	-
Subtotal Bonds Payable	<u>9,767,179</u>	<u>146,287</u>	<u>-</u>	<u>9,913,466</u>	<u>-</u>
Other Debts:					
Developer Advance - Operating	203,825	58,000	-	261,825	-
Developer Advance - Capital	20,126	-	20,047	79	-
Accrued Interest on:					
Developer Advance - Operating	31,474	19,200	-	50,674	-
Developer Advance - Capital	2,453	1,906	3,953	406	-
Subtotal Other Debts	<u>257,878</u>	<u>79,106</u>	<u>24,000</u>	<u>312,984</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 10,025,057</u>	<u>\$ 225,393</u>	<u>\$ 24,000</u>	<u>\$ 10,226,450</u>	<u>\$ -</u>

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

General Obligation Limited Tax and Special Revenue Bonds, Series 2021A-1(3) (the 2021A-1(3) Bonds) and **Special Revenue Bonds, Series 2021A-2** (the 2021A-2 Bonds, and together with the 2021A-1(3) Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on May 20, 2021, in the par amounts of \$6,110,000 for the 2021A-1(3) Bonds and \$3,432,000 for the 2021A-2 Bonds. Proceeds from the sale of the 2021A-1(3) Bonds were used to: (1) finance certain public improvements; (2) fund the Reserve Fund for the 2021A-1(3) Bonds; (3) fund capitalized interest on the 2021A-1(3) Bonds; and (4) pay the costs of issuance of the 2021A-1(3) Bonds. Proceeds from the sale of the 2021A-2 Bonds were used to: (1) finance certain public improvements; and (2) pay certain costs of issuance of the 2021A-2 Bonds.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption of 2021A-1(3) Bonds

The 2021A-1(3) Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

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

Mandatory Extraordinary Redemption of 2021A-1(3) Bonds

On May 20, 2024, or as soon as may be practicable thereafter, in the event that the required Colorado Springs Utilities (CSU) Approvals have not yet been obtained on behalf of the District or MHC Holdings, LLC has not yet executed the Service Fee Agreement, the Trustee shall apply all amounts then on deposit in the Project Funds to redeem the 2021A-1(3) Bonds, in accordance with the provisions of the Indentures.

2021A-1(3) Bonds Details

The 2021A-1(3) Bonds bear interest at rates ranging from 4.5% to 4.75%, payable semiannually to the extent of 2021A-1(3) Bonds Pledged Revenue available on June 1 and December 1 (each an Interest Payment Date), beginning on December 1, 2021. The 2021A-1(3) Bonds are expected to be issued as two term bonds that have annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2025. The 2021A-1(3) Bonds mature on December 1, 2050.

To the extent principal of any 2021A-1(3) Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2021A-1(3) Bond. To the extent interest on any 2021A-1(3) Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the 2021A-1(3) Bond.

2021A-1(3) Pledged Revenue

The 2021A-1(3) Bonds are secured by and payable solely from 2021A-1(3) Pledged Revenue, which means the moneys derived by the District from the following sources, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County: (a) the Required Mill Levy; (b) the Capital Fees; (c) the Capital Recovery Fees; (d) the Series 2021A-1(3) Guaranty Agreement Revenue, if any; (e) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (f) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as 2021A-1(3) Pledged Revenue.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2021A-1(3) Pledged Revenue (Continued)

2021A-1(3) Required Mill Levy

Pursuant to the 2021A(3) Indenture, the District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the 2021A-1(3) Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will pay the 2021A-1(3) Bonds as they come due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount.

2021A-1(3) Capital Fees

Capital Fees are fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District resulting from the Series 2021A-1(3) Development Fees. The Series 2021A-1(3) Development Fees imposed by the District consist of a one-time system development fee in the amount of \$2,500 and \$1,650, to be assessed and collected against each single-family unit and each multi-family unit, respectively, within the property in the District upon sale of such unit from the Developer to the builder.

2021A-1(3) Capital Recovery Fees

Pursuant to an Out of District Fee Resolution dated April 15, 2021, the District established an Out of District Connection Fee to be imposed on each Out of District Unit to be paid over a period of 30 years. A Service Fee Agreement provides that Cheyenne Mountain Estates will reimburse the District for the cost of the Improvements pursuant to the following Capital Recovery Fees schedule. Cheyenne Mountain Estates will collect fees from the individual units leasing property from Cheyenne Mountain Estates which are being imposed pursuant to the Capital Recovery Fee Resolution and pay those fees to the District.

- Years 1-10: \$11,277/month
- Years 11-20: \$13,360/month
- Years 21-30: \$15,443/month

Series 2021A-1(3) Guaranty Agreement Revenue

The District, the Trustee and Sundance at Rock Creek LLC (Sundance), acting as the guarantor, have entered into a Debt Service Guaranty Agreement (the Guaranty Agreement) pursuant to which Sundance agrees to provide funds to the Trustee for the payment of the 2021A-1(3) Bonds in the amounts and under the circumstances set forth in the Guaranty Agreement.

The Series 2021A-1(3) Guaranty Agreement Revenue is any revenue derived from the Guaranty Agreement for the payment of the 2021A-1(3) Limited Tax Bonds as calculated pursuant to the 2021A-1(3) Indenture.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2021A-1(3) Pledged Revenue (Continued)

Additional Security for the 2021A-1(3) Bonds

The 2021A-1(3) Bonds are also secured by capitalized interest which will be funded from proceeds of the 2021A-1(3) Bonds in the amount of \$293,348. The balance in the capitalized interest account for the 2021A-1(3) Bonds at December 31, 2023 is \$-0-.

The 2021A-1(3) Bonds are additionally secured by the Reserve Fund which was funded from proceeds of the 2021A-1(3) Bonds in the amount of the 2021A-1(3) Required Reserve of \$513,588. Subject to the receipt of sufficient 2021A-1(3) Pledged Revenue, the Reserve Fund is to be maintained in the amount of the 2021A-1(3) Required Reserve for as long as any 2021A-1(3) Bonds are outstanding. The balance in the Reserve Fund for the 2021A-1(3) Bonds at December 31, 2023 is \$116,563.

The 2021A-1(3) Bonds are further secured by the Surplus Fund. 2021A-1(3) Pledged Revenue that is not needed to pay debt service of the 2021A-1(3) Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$611,000. Subject to the receipt of sufficient 2021A-1(3) Pledged Revenue, the Surplus Fund shall be maintained for as long as any 2021A-1(3) Bonds are outstanding. The balance in the Surplus Fund for the 2021A-1(3) Bonds at December 31, 2023 is \$20.

The District's long-term obligations of the 2021A-1(3) Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 284,650	\$ 284,650
2025	35,000	284,650	319,650
2026	55,000	283,075	338,075
2027	55,000	280,600	335,600
2028	65,000	278,125	343,125
2029-2033	500,000	1,338,200	1,838,200
2034-2038	845,000	1,193,750	2,038,750
2039-2043	1,260,000	970,288	2,230,288
2044-2048	1,855,000	618,214	2,473,214
2049-2050	1,440,000	115,663	1,555,663
Total	<u>\$ 6,110,000</u>	<u>\$ 5,647,215</u>	<u>\$ 11,757,215</u>

Mandatory Extraordinary Redemption of 2021A-2 Bonds

On May 20, 2024, or as soon as may be practicable thereafter, in the event that the required Colorado Springs Utilities (CSU) Approvals have not yet been obtained on behalf of the District or MHC Holdings, LLC has not yet executed the Service Fee Agreement, the Trustee shall apply all amounts then on deposit in the Project Funds to redeem the 2021A-2 Bonds, in accordance with the provisions of the Indentures.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2021A-2 Bonds Details

The 2021A-2 Bonds were issued at the rate of 4.0% per annum and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the 2021A-2 Bonds prior to their maturity date. Instead, principal is payable on each December 1 from the available 2021A-2 Pledged Revenue, if any, pursuant to a mandatory redemption.

Interest on the 2021A-2 Bonds is payable on each December 1, commencing December 1, 2021, to the extent of the 2021A-2 Pledged Revenue and accrued unpaid interest on the 2021A-2 Bonds will compound annually on each December 1 until sufficient 2021A-2 Pledged Revenue is available for payment. In the event that any amount of principal or interest on the 2021A-2 Bonds remain unpaid on December 2, 2050 (the 2021A-2 Termination Date), the 2021A-2 Bonds will be deemed paid, satisfied, and discharged.

2021A-2 Pledged Revenue

The 2021A-2 Bonds are secured by and payable solely from and to the extent of 2021A-2 Pledged Revenue, which means the moneys derived by the District from the following sources, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County: (a) the 2021A-2 Capital Fees; (b) the Series 2021A-2 Guaranty Agreement Revenue, if any; and, (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as 2021A-2 Pledged Revenue.

2021A-2 Capital Fees

2021A-2 Capital Fees are fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District resulting from the Series 2021A-2 Development Fees collected with respect to the Property (as defined in the 2021A-2 Indenture). The Series 2021A-2 Development Fees imposed by the District consist of a one-time water capital fee in the amount of \$25,000 and a one-time sewer capital fee in the amount of \$15,000, to be assessed and collected against each single-family unit within the property in the District.

Series 2021A-2 Guaranty Agreement Revenue

The Series 2021A-2 Guaranty Agreement Revenue is any revenue derived from the Guaranty Agreement for the payment of the 2021A-2 Bonds as calculated pursuant to the 2021A-2 Indenture.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2021A-2 Pledged Revenue (Continued)

Events of Default for the Bonds (Continued)

- ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.
- ii. Receivership
- iii. Suit for Judgement

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2023, the District was not in default.

Authorized Debt

On May 8, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$120,000,000 at an interest rate not to exceed 12% per annum. On December 31, 2023 the District has authorized but unissued indebtedness in the for the following amounts allocated to the following purposes:

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized on May 8, 2018	Amount Authorized on November 8, 2022	Authorization Used Series 2021A Bonds	Authorized But Unused
Special Assessment	\$ 8,000,000	\$ 25,000,000	\$ -	\$ 33,000,000
Water	8,000,000	25,000,000	1,222,000	31,778,000
Sanitation	8,000,000	25,000,000	1,222,000	31,778,000
Streets	8,000,000	25,000,000	1,222,000	31,778,000
Traffic and Safety	8,000,000	25,000,000	1,222,000	31,778,000
Parks and Recreation	8,000,000	25,000,000	1,222,000	31,778,000
Transportation	8,000,000	25,000,000	-	33,000,000
Television Relay	8,000,000	25,000,000	-	33,000,000
Mosquito Control	8,000,000	-	-	8,000,000
Security	8,000,000	25,000,000	-	33,000,000
Fire Protection	8,000,000	25,000,000	-	33,000,000
Operations and Maintenance	8,000,000	25,000,000	-	33,000,000
Reimbursement Agreements	8,000,000	25,000,000	-	33,000,000
Debt Refunding	16,000,000	-	-	16,000,000
Revenue Debt	-	25,000,000	-	25,000,000
Business Recruitment	-	25,000,000	-	25,000,000
Total	<u>\$ 120,000,000</u>	<u>\$ 350,000,000</u>	<u>\$ 6,110,000</u>	<u>\$ 463,890,000</u>

As set forth in the District's 2018 Service Plan, the City has limited the amount of debt to be issued by the District to a total of \$8,000,000 without future approval by the City. The District may levy up to 50.000 mills for debt service and up to 10.000 mills for general operations and administrative expenses, subject to the Gallagher Adjustment.

The Service Plan further authorizes the District to issue "Revenue Obligations" in such amount as the District may determine. It is provided that such Revenue Obligations are not subject to the foregoing Service Plan debt limitation.

Developer Advance

On July 11, 2018, the District entered into a Reimbursement Agreement, later amended on December 1 2018, (Agreement) with The Equity Group LLC (Developer) wherein the District agrees to reimburse the Developer for advance made on behalf of the District. The District agrees to repay the Developer along with accrued interest of 8% beginning on the date of advance to the date of repayment.

On August 10, 2022, the District entered into a Facilities Funding and Acquisition Agreement with Colorado Springs Equities LLC, wherein the District agrees to reimburse Colorado Springs Equities LLC for advances made on behalf of the District to pay capital improvement costs. The District agrees to repay Colorado Springs Equities LLC along with accrued simple interest of 8% beginning on the date of advance to the date of repayment.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advance (Continued)

As of December 31, 2023, outstanding developer advances under the Reimbursement Agreement totaled \$261,825 for operation costs with accrued interest of \$50,674, and outstanding developer advances under the Facility Funding and Acquisition Agreement totaled \$79 for capital costs with accrued interest of \$406.

NOTE 6 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:	
Emergencies	\$ 100
Capital Projects Reserve	684,929
Total Restricted Net Position	\$ 685,029

NOTE 7 AGREEMENTS

ARPA Grant

The District received an ARPA grant for the Sewer Main Extension Project, with a total amount awarded of \$1,210,780. The grant period spans from January 1, 2022, to June 6, 2023. The project, identified by sub-recipient number WP-2022-008, involved various approved uses including design engineering fees, other engineering fees, construction, equipment, contingencies, and indirect costs. Key expenditures include design engineering fees, other engineering fees, and construction. The grant also covered equipment and contingencies, with a total reimbursement of \$735,817 for the current draw. The budget reallocation was necessary due to significant design engineering fees incurred prior to January 1, 2022. The expenses were certified by Kelly Nelson on September 26, 2023, in accordance with the Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Subpart D - Procurement Standards (§§200.317 - 200.327) and Subpart E - Cost Principles (§§200.400 - 200.476). There are \$474,963 in funds available for use in future periods.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District are represented by the following: SNA Development LLC; MHC Holdings, LLC; Sundance at Rock Creek, LLC; The Equity Group, LLC; and Colorado Springs Equities, LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

**ROCK CREEK 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. As of December 31, 2023, the District had provided for an Emergency Reserve.

On May 8, 2018, a majority of the District's electors passed an election question to increase the property taxes \$10,000,000 annually to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenues without regard to any limitations under TABOR.

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

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

	Original & Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 5,382	\$ 5,382	\$ -
Specific Ownership Taxes	538	576	38
Interest Income	300	14,224	13,924
Facilities Fees	14,400	-	(14,400)
Tap fees	1,045,000	-	(1,045,000)
Mobile home park fees	120,000	-	(120,000)
Total Revenues	<u>1,185,620</u>	<u>20,182</u>	<u>(1,165,438)</u>
EXPENDITURES			
Banking Fees	50	-	50
County Treasurer's Fee	81	82	(1)
Paying Agent Fees	8,000	7,000	1,000
Bond Interest	473,525	-	473,525
Bond Principal	571,000	-	571,000
Bond Interest - 2021	284,650	284,650	-
Bond Interest - 2022A	326,888	-	326,888
Total Expenditures	<u>1,664,194</u>	<u>291,732</u>	<u>1,372,462</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(478,574)	(271,550)	207,024
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	-	6,642	6,642
Total Other Financing Sources	<u>-</u>	<u>6,642</u>	<u>6,642</u>
NET CHANGE IN FUND BALANCE	(478,574)	(264,908)	213,666
Fund Balance - Beginning of Year	<u>1,881,599</u>	<u>381,589</u>	<u>(1,500,010)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,403,025</u>	<u>\$ 116,681</u>	<u>\$ (1,286,344)</u>

**ROCK CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS – GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original & Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Grant Proceeds	\$ -	\$ 735,817	\$ 735,817
Interest Income	10,000	30,340	20,340
Total Revenues	<u>10,000</u>	<u>766,157</u>	<u>756,157</u>
EXPENDITURES			
Accounting	10,000	4,268	5,732
Engineering	50,000	-	50,000
Legal	10,000	925	9,075
Capital Outlay	14,614,434	2,022,790	12,591,644
Banking Fees	600	-	600
Total Expenditures	<u>14,685,034</u>	<u>2,027,983</u>	<u>12,657,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,675,034)	(1,261,826)	13,413,208
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	(23,377)	(24,000)	(623)
Total Other Financing Uses	<u>(23,377)</u>	<u>(24,000)</u>	<u>(623)</u>
NET CHANGE IN FUND BALANCE	(14,698,411)	(1,285,826)	13,412,585
Fund Balance - Beginning of Year	<u>14,698,411</u>	<u>1,970,755</u>	<u>(12,727,656)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 684,929</u></u>	<u><u>\$ 684,929</u></u>

OTHER INFORMATION

**ROCK CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending <u>December 31,</u>	\$6,110,000 Limited Property Tax Supported Revenue Bonds, Series 2021A-1(3) Dated May 20, 2021 Interest Rates: 4.500% - 4.750% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2024	\$ -	\$ 284,650	\$ 284,650
2025	35,000	284,650	319,650
2026	55,000	283,075	338,075
2027	55,000	280,600	335,600
2028	65,000	278,125	343,125
2029	70,000	275,200	345,200
2030	85,000	272,050	357,050
2031	90,000	268,225	358,225
2032	125,000	264,175	389,175
2033	130,000	258,550	388,550
2034	145,000	252,700	397,700
2035	150,000	246,175	396,175
2036	170,000	239,425	409,425
2037	180,000	231,775	411,775
2038	200,000	223,675	423,675
2039	205,000	214,675	419,675
2040	230,000	205,450	435,450
2041	240,000	195,100	435,100
2042	285,000	184,300	469,300
2043	300,000	170,763	470,763
2044	325,000	156,513	481,513
2045	340,000	141,075	481,075
2046	375,000	124,925	499,925
2047	390,000	107,113	497,113
2048	425,000	88,588	513,588
2049	445,000	68,400	513,400
2050	995,000	47,263	1,042,263
Total	\$ 6,110,000	\$ 5,647,215	\$ 11,757,215

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

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2019	\$ 49,820	0.0%	10.000	-	\$ 498	498	100.00 %
2020	51,820	4.0%	10.000	-	518	518	100.00 %
2021	51,820	0.0%	11.132	55.664	3,461	3,461	100.00 %
2022	96,670	86.5%	11.132	55.664	6,458	6,457	99.98 %
2023	96,280	-0.4%	11.178	55.664	6,458	6,458	100.00 %

Estimated for
Year Ending
December 31, 2024

\$ 110,840 15.1% 10.000 50.000

Note:

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

Source: El Paso County Assessor and Treasurer.

**ROCK CREEK METROPOLITAN DISTRICT
ANNUAL DISCLOSURE
HISTORY OF ASSESSED VALUATION AND MILL LEVIES FOR THE DISTRICT
DECEMBER 31, 2023**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>General Fund Mill Levy</u>	<u>Debt Service Mill Levy</u>
2018	2019	\$ 49,820	- %	10.000	0.000
2019	2020	51,820	4.01	10.000	0.000
2020	2021	51,820	-	11.132	55.664
2021	2022	96,670	86.55	11.132	55.664
2022	2023	96,280	(0.40)	11.179	55.896
2023	2024	110,840	15.12	10.000	50.000

**ROCK CREEK METROPOLITAN DISTRICT
ANNUAL DISCLOSURE
PROPERTY TAX COLLECTIONS IN THE DISTRICT
DECEMBER 31, 2023**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied (1)</u>	<u>Current Tax Collection (2)</u>	<u>Collection Rate</u>
2018	2019	\$ 498	\$ 498	100.00 %
2019	2020	518	518	100.00
2020	2021	3,461	3,461	100.00
2021	2022	6,458	6,457	99.98
2022	2023	6,458	6,458	100.00
2023	2024	6,650	4,310	64.81

(1) Levied Amounts do not reflect abatements or other adjustments.

(2) Collections as of 6/30/2024

**ROCK CREEK METROPOLITAN DISTRICT
ANNUAL DISCLOSURE
ASSESSED & "ACTUAL" VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
DECEMBER 31, 2023**

<u>Property Class</u>	<u>Total "Actual" Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Taxpayer/ Assessed Valuation</u>
Valuation Year - 2023			
Residential	\$ 212,162	\$ 14,220	12.83 %
Vacant	<u>346,500</u>	<u>96,620</u>	<u>87.17</u>
Total	<u><u>\$ 558,662</u></u>	<u><u>\$ 110,840</u></u>	<u><u>100.00 %</u></u>

**ROCK CREEK METROPOLITAN DISTRICT
ANNUAL DISCLOSURE
TEN LARGEST OWNERS OF PROPERTY WITHIN THE DISTRICT
DECEMBER 31, 2023**

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Taxpayer/ Assessed Valuation</u>
Valuation Year - 2023		
Colorado Springs Equities LLC	\$ 64,120	57.85 %
Consineau, Kimberly	1,810	1.63
Drummond, Rebecca R	1,810	1.63
Mientka, Danny	14,220	12.83
Sundance at Rock Creek LLC	28,880	26.06
Total	<u>\$ 110,840</u>	<u>100.00 %</u>

Source: El Paso County Assessor's Office

**ROCK CREEK METROPOLITAN DISTRICT
ANNUAL DISCLOSURE
SELECTED RATIOS OF THE DISTRICT (DIRECT DEBT OF THE DISTRICT)
DECEMBER 31, 2023**

Property Class	Total Debt
Direct Debt	\$ 9,913,466
2023 Certified Assessed Valuation	110,840
Ratio of Direct Debt to 2023 Certified Assessed Valuation	8943.94%
2023 District Statutory Actual Value	558,662
Ratio of Direct Debt to 2023 District Statutory "Actual" Value	1774.50%