

SENAC SOUTH METROPOLITAN DISTRICT NO. 1

Arapahoe County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Senac South Metropolitan District No. 1

Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Senac South Metropolitan District No. 1 ("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 17, 2024

BASIC FINANCIAL STATEMENTS

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 46,782,429 |
| Cash and Investments - Restricted | 438 |
| Prepaid Expenses | 3,271 |
| Receivable from County Treasurer | 2 |
| Property Tax Receivable | 469 |
| Total Assets | 46,786,609 |
| LIABILITIES | |
| Accounts Payable | 10,830 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 50,438,576 |
| Total Liabilities | 50,449,406 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | 469 |
| Total Deferred Inflows of Resources | 469 |
| NET POSITION | |
| Restricted for: | |
| Emergency Reserve | 3 |
| Debt Service | 436 |
| Unrestricted | (3,663,705) |
| Total Net Position | \$ (3,663,266) |

See accompanying Notes to Basic Financial Statements.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| | Charges for Services | Program Revenues Operating Grants and Contributions | Capital Grants and Contributions | | Net Revenues (Expenses) and Change in Net Position |
|---|----------------------------|--|--|-------------|---|
| FUNCTIONS/PROGRAMS | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 81,627 | \$ - | \$ 8 | \$ - | \$ (81,619) |
| Interest on Long-Term Debt and Related Costs | <u>2,525,815</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,525,815)</u> |
| Total Governmental Activities | <u>\$ 2,607,442</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ -</u> | <u>(2,607,434)</u> |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 489 |
| Specific Ownership Taxes | | | | | 32 |
| Interest Income | | | | | 2,256,039 |
| Forgiveness of Developer Advance | | | | | 295,302 |
| Total General Revenues and Transfers | | | | | <u>2,551,862</u> |
| CHANGES IN NET POSITION | | | | | (55,572) |
| Net Position - Beginning of Year | | | | | <u>(3,607,694)</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ (3,663,266)</u> |

See accompanying Notes to Basic Financial Statements.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|-----------|-----------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 15,833 | \$ - | \$ 46,766,596 | \$ 46,782,429 |
| Cash and Investments - Restricted | 3 | 435 | - | 438 |
| Receivable from County Treasurer | 1 | 1 | - | 2 |
| Prepaid Insurance | 2,671 | - | - | 2,671 |
| Prepaid Expenses | 600 | - | - | 600 |
| Property Tax Receivable | 92 | 377 | - | 469 |
| Total Assets | \$ 19,200 | \$ 813 | \$ 46,766,596 | \$ 46,786,609 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 10,830 | \$ - | \$ - | \$ 10,830 |
| Total Liabilities | 10,830 | - | - | 10,830 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Property Tax | 92 | 377 | - | 469 |
| Total Deferred Inflows of Resources | 92 | 377 | - | 469 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Expense | 3,271 | - | - | 3,271 |
| Restricted for: | | | | |
| Emergency Reserves | 3 | - | - | 3 |
| Debt Service | - | 436 | - | 436 |
| Assigned to: | | | | |
| Capital Projects | - | - | 46,766,596 | 46,766,596 |
| Unassigned | 5,004 | - | - | 5,004 |
| Total Fund Balances | 8,278 | 436 | 46,766,596 | 46,775,310 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 19,200 | \$ 813 | \$ 46,766,596 | |

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

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

| | |
|---|--------------|
| Bonds Payable | (45,155,000) |
| Developer Advances | (45,000) |
| Accrued Interest Payable - Bonds | (5,238,433) |
| Accrued Interest Payable - Developer Advances | (143) |

| | |
|---|----------------|
| Net Position of Governmental Activities | \$ (3,663,266) |
|---|----------------|

See accompanying Notes to Basic Financial Statements.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
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 | \$ 81 | \$ 408 | \$ - | \$ 489 |
| Property Taxes - SARIA | 8 | - | - | 8 |
| Specific Ownership Taxes | 6 | 26 | - | 32 |
| Interest Income | - | - | 2,256,039 | 2,256,039 |
| Total Revenues | <u>95</u> | <u>434</u> | <u>2,256,039</u> | <u>2,256,568</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Accounting | 25,392 | - | - | 25,392 |
| Auditing | 4,350 | - | - | 4,350 |
| County Treasurer's Fee | 1 | 6 | - | 7 |
| SARIA | 8 | - | - | 8 |
| Dues And Membership | 314 | - | - | 314 |
| Election | 2,108 | - | - | 2,108 |
| Insurance | 2,571 | - | - | 2,571 |
| Legal | 46,283 | - | - | 46,283 |
| Website | 600 | - | - | 600 |
| Debt Service: | | | | |
| Paying Agent Fees | - | 4,000 | - | 4,000 |
| Total Expenditures | <u>81,627</u> | <u>4,006</u> | <u>-</u> | <u>85,633</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (81,532) | (3,572) | 2,256,039 | 2,170,935 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | 77,000 | - | - | 77,000 |
| Repay Developer Advance | - | - | (89,460) | (89,460) |
| Total Other Financing Sources (Uses) | <u>77,000</u> | <u>-</u> | <u>(89,460)</u> | <u>(12,460)</u> |
| NET CHANGE IN FUND BALANCES | (4,532) | (3,572) | 2,166,579 | 2,158,475 |
| Fund Balances - Beginning of Year | <u>12,809</u> | <u>4,009</u> | <u>44,600,017</u> | <u>44,616,835</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 8,277</u> | <u>\$ 437</u> | <u>\$ 46,766,596</u> | <u>\$ 46,775,310</u> |

See accompanying Notes to Basic Financial Statements.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
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 \$ 2,158,475

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

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 | (77,000) |
| Forgiveness of Debt | 295,302 |

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 | (2,513,687) |
| Accrued Interest Payable Developer Advance - Change in Liability | <u>81,338</u> |

Changes in Net Position of Governmental Activities \$ (55,572)

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 81 | \$ 81 | \$ 81 | \$ - |
| Property Taxes - SARIA | 8 | 8 | 8 | - |
| Specific Ownership Taxes | 5 | 5 | 6 | 1 |
| Total Revenues | <u>94</u> | <u>94</u> | <u>95</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Accounting | 25,000 | 27,500 | 25,392 | 2,108 |
| Auditing | 5,000 | 4,350 | 4,350 | - |
| Contingency | 1,451 | 2,548 | - | 2,548 |
| County Treasurer's Fee | 1 | 1 | 1 | - |
| SARIA | 8 | 8 | 8 | - |
| Dues and Membership | 500 | 314 | 314 | - |
| Election | 3,000 | 2,108 | 2,108 | - |
| Insurance | 3,500 | 2,571 | 2,571 | - |
| Legal | 25,000 | 45,000 | 46,283 | (1,283) |
| Website | 1,500 | 600 | 600 | - |
| Total Expenditures | <u>64,960</u> | <u>85,000</u> | <u>81,627</u> | <u>3,373</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (64,866) | (84,906) | (81,532) | 3,374 |
| OTHER FINANCING SOURCES | | | | |
| Developer Advance | 64,000 | 72,500 | 77,000 | (4,500) |
| Total Other Financing Sources | <u>64,000</u> | <u>72,500</u> | <u>77,000</u> | <u>(4,500)</u> |
| NET CHANGE IN FUND BALANCE | (866) | (12,406) | (4,532) | (7,874) |
| Fund Balance - Beginning of Year | <u>871</u> | <u>12,809</u> | <u>12,809</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 5</u> | <u>\$ 403</u> | <u>\$ 8,277</u> | <u>\$ (7,874)</u> |

See accompanying Notes to Basic Financial Statements.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Senac South Metropolitan District No. 1 (the District) a quasi-municipal corporation and political subdivision of the state of Colorado was formed on December 8, 2005, concurrently with the organization of Senac South Metropolitan District No. 2 (District No. 2), Senac South Metropolitan District No. 3 (District No. 3), and Senac South Metropolitan District No. 4 (District No. 4 and together with the District, District No. 2 and District No. 3, the Districts). The Districts are governed by the Colorado Special District Act and other applicable statutes governing political subdivisions. The District's service area is located entirely within the city of Aurora (the City), in Arapahoe County, Colorado. The Districts were organized to work cooperatively to provide financing for the design, acquisition, installation, and construction of streets, traffic and safety controls, water, sanitary sewer, parks and recreation, public transportation, mosquito control and security services, and related operation and maintenance services within and without the boundaries of the District.

As a condition of the Service Plan Approval, the District agreed to enter into an Intergovernmental Agreement (IGA) with the City and the Districts. Under the provisions of the IGA the Districts have responsibility, among other things, to construct certain public improvements set forth in the Service Plan and to impose a mill levy as defined in the Districts' Service Plan as the Aurora Regional Improvements Mill Levy (ARI Mill Levy). None of the Districts' debt service mill levy can exceed 50.000 mills, subject to adjustment as provided in the Service Plan and IGA, for any portion of the Districts' debt which exceeds 50.00% of the Districts' assessed valuation (Mill Levy Cap).

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.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and assessments. 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 due.

The District reports the following major governmental funds:

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
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 (Continued)

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

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

Budgets

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

The District amended its annual budget 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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
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.

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 | \$ 46,782,429 |
| Cash and Investments - Restricted | 438 |
| Total Cash and Investments | \$ 46,782,867 |

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

| | |
|--------------------------------------|---------------|
| Deposits with Financial Institutions | \$ 16,271 |
| Investments | 46,766,596 |
| Total Cash and Investments | \$ 46,782,867 |

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 102.00% of the aggregate uninsured deposits.

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

At December 31, 2023, the District’s cash deposits had a bank balance and a carrying balance of \$16,270.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 agreements and certain 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 Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | \$ 46,766,596 |
| Total | | <u>\$ 46,766,596</u> |

COLOTRUST

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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

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

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ is rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/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. The District holds all its investments in the COLOTRUST PLUS+ portfolio.

NOTE 4 LONG-TERM OBLIGATIONS

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

| | Balance at December 31, 2022 | Additions | Reductions | Forgiveness | Balance at December 31, 2023 | Due Within One Year |
|---|------------------------------------|---------------------|------------------|-------------------|------------------------------------|---------------------------|
| Governmental Activities | | | | | | |
| Bonds Payable: | | | | | | |
| General Obligation Bonds Payable | | | | | | |
| Series 2021A ⁽³⁾ | \$ 45,155,000 | \$ - | \$ - | \$ - | \$ 45,155,000 | \$ - |
| Series 2021A ⁽³⁾ - Accrued Interest | 2,724,746 | 2,513,687 | - | - | 5,238,433 | - |
| Total Bonds Payable | <u>47,879,746</u> | <u>2,513,687</u> | <u>-</u> | <u>-</u> | <u>50,393,433</u> | <u>-</u> |
| Other Debts: | | | | | | |
| Developer Advance - Operating - ACJ Partnership | 246,110 | 32,000 | - | 278,110 | - | - |
| Developer Advance - Operating - JEN | - | 45,000 | - | - | 45,000 | - |
| Accrued Interest on: | | | | | | |
| Developer Advance - Operating - ACJ Partnership | 98,673 | 7,979 | 89,460 | 17,192 | - | - |
| Developer Advance - Operating - JEN | - | 143 | - | - | 143 | - |
| Total Other Debts | <u>344,783</u> | <u>85,122</u> | <u>89,460</u> | <u>295,302</u> | <u>45,143</u> | <u>-</u> |
| Total Long-Term Obligations | <u>\$ 48,224,529</u> | <u>\$ 2,598,809</u> | <u>\$ 89,460</u> | <u>\$ 295,302</u> | <u>\$ 50,438,576</u> | <u>\$ -</u> |

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

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

Bond Proceeds

The District issued the Bonds on November 10, 2021, in the par amount of \$45,155,000. Proceeds from the sale of the Bonds were used for the purposes of (i) paying a portion of the costs of capital infrastructure improvements or reimbursing the landowner for the advancement of those costs, to the extent of available proceeds; and (ii) paying costs of issuance of the Bonds.

Details of the Bonds

The Bonds bear interest at 5.250% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 2, 2061, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 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> |
|--|---------------------------|
| December 1, 2026, to November 30, 2027 | 3.00% |
| December 1, 2027, to November 30, 2028 | 2.00 |
| December 1, 2028, to November 30, 2029 | 1.00 |
| December 1, 2029, and thereafter | 0.00 |

Events of Default

The Bonds contain a provision regarding certain events of default. Upon the occurrence of an Event of Default, the Trustee shall be entitled to receivership, suit for judgement, mandamus or other suit. Events of default occur if the District fails or refused to impose the Required Mill Levy or to apply the Pledged revenue as required, defaults in performance or observance of any of the covenants, agreements or conditions of the Indenture or Bond Resolution, or if the District files a petition for bankruptcy.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

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

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2004) less the number of mills needed to pay any unlimited mill levy debt, or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District for services, programs, or facilities furnished by the District, whether now in effect or imposed in the future, including particularly and without limitation, the Development Fees.

Restricted Account

Proceeds of the Bonds in the amount of \$2,300,000 were deposited to the Restricted Account of the Project Fund upon closing. Upon the receipt by the District or the Landowner of a No Further Action Letter from the State or such other governmental authorities having jurisdiction over such matters, the Trustee is to transfer all amounts from within the Restricted Account to the Unrestricted Account. The balance in the Restricted Account as of December 31, 2023 is \$-0-.

Bonds Debt Service

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

The District authorized the incurrence of debt at an election held on November 1, 2005 and an election held on November 2, 2021. At December 31, 2023, the District had authorized but unissued indebtedness of the following amount allocated for the following purposes:

| | Authorized November 1, 2005 Election | Authorized November 2, 2021 Election | Authorization Used Series 2021A ₍₃₎ Bonds | Remaining Authorization |
|------------------------|---|---|---|----------------------------|
| Fire Protection | \$ 66,000,000 | \$ 55,000,000 | - | \$ 121,000,000 |
| Intergovernmental | - | 55,000,000 | - | 55,000,000 |
| Mosquito Control | 66,000,000 | 55,000,000 | - | 121,000,000 |
| Operations/Maintenance | - | 55,000,000 | - | 55,000,000 |
| Park and Recreation | 66,000,000 | 55,000,000 | 8,538,680 | 112,461,320 |
| Private Agreement | - | 55,000,000 | - | 55,000,000 |
| Refunding | 66,000,000 | 550,000,000 | - | 616,000,000 |
| Safety Protection | 66,000,000 | 55,000,000 | - | 121,000,000 |
| Sanitation/Storm | 66,000,000 | 55,000,000 | 13,769,582 | 107,230,418 |
| Security Services | 66,000,000 | 55,000,000 | - | 121,000,000 |
| Special Assessment | - | 55,000,000 | - | 55,000,000 |
| Street | 66,000,000 | 55,000,000 | 17,231,210 | 103,768,790 |
| Transportation | 66,000,000 | 55,000,000 | - | 121,000,000 |
| TV Relay | 66,000,000 | 55,000,000 | - | 121,000,000 |
| Water | 66,000,000 | 55,000,000 | 5,615,528 | 115,384,472 |
| Total | <u>\$ 726,000,000</u> | <u>\$ 1,320,000,000</u> | <u>\$ 45,155,000</u> | <u>\$ 2,000,845,000</u> |

Per the Service Plan, the Districts have the authority to issue debt for regional improvements not to exceed \$40,000,000. The Districts shall not issue debt in excess of \$55,000,000.

Funding and Reimbursement Agreement

Effective October 25, 2006 and amended and restated on September 9, 2021, the District and ACJ Partnership entered into a Funding and Reimbursement Agreement. Per the Funding and Reimbursement Agreement, the District acknowledged the Developer has incurred expenses that are subject to reimbursement. ACJ Partnership agrees to Advance the District \$50,000 per annum, not to exceed the Maximum Loan Amount of \$150,000, through December 31, 2023 (Loan Termination Date). The Loan Termination Date will automatically extend one year unless written noticed is provided. Advances made by the Developer shall accrue interest at 6.00% simple interest per annum from the date any such advance is made to the earlier of the date the District issues evidence of an obligation to repay advances (Reimbursement Obligations) or the date of repayment in full. Payments by the District to ACJ Partnership shall first be applied to unpaid interest and then to outstanding principal due. The term for repayment of any Reimbursement Obligation shall not extend beyond 20 years from the date of the Agreement. The Funding and Reimbursement Agreement with ACJ Partnership was terminated on June 29, 2023. Under the termination, all amounts due and owing under the Agreement including accrued interest, were forgiven and deemed a contribution to the District.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreement (Continued)

Effective August 31, 2023, the District and JEN COLORADO 19 LLC (JEN) entered into a Funding and Reimbursement Agreement. The District has incurred and will incur costs in furtherance of the District's permitted purposes, JEN is willing to advance funds to the District, from time to time, on the condition that the District agrees to repay such advances. the District anticipates repaying moneys advanced by JEN hereunder, including as evidenced by any request Reimbursement Obligations (execute one or more reimbursement notes, bonds, or other instruments) and with funds available from ad valorem taxes, fees, or other legally available revenues of the District determined to be available therefore.

JEN agrees to advance to the District one or more sums of money not to exceed the aggregate of \$50,000 per annum (the "Annual Loan Cap") for two years, up to \$100,000 (as the same may be subsequently increased as set forth in the agreement. These funds shall be advanced to the District in one or a series of installments and shall be available to the District through December 31, 2024 (the "Loan Obligation Termination Date"). Thereafter, the Loan Obligation Termination Date will automatically extend for additional one (1) year terms unless JEN provides written notice to the District of termination at least thirty (30) days prior to December 31st of each year. Upon each automatic one (1) year extension of the Loan Obligation Termination Date, JEN agrees to advance the District one or more sums of money up to the Annual Loan Cap, and the Maximum Loan Amount shall be automatically increased upon each one (1) year extension by the Annual Loan Cap. Any advance made under this Agreement prior to the issuance of any Reimbursement Obligation shall be the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity +325bps from the date any such advance is made, simple interest, to the earlier date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment in full of all interest then due and payable and the principal balance of amounts advanced to the District. Upon issuance of a Reimbursement Obligation, unless otherwise consented to by JEN, any interest then accrued on any previously advanced amount shall be added to the amount of the loan advance and reflected as principal of the Reimbursement Obligation.

A Reimbursement Obligation shall incur interest at the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity +325bps. The term for repayment for any Reimbursement Obligation shall not extend beyond 20 years from the date of this Agreement.

As of December 31, 2023, the District had \$45,000 in principal and \$143 in interest outstanding from advances not related to Reimbursement Obligations. As of December 31, 2023, the District did not have any outstanding Reimbursement Obligations.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Public Improvements Acquisition and Reimbursement Agreement

Effective November 1, 2021, the District, Richmond American Homes of Colorado and the Alpert Corporation entered into a Public Improvements Acquisition and Reimbursement Agreement. Pursuant to the Public Improvements Acquisition and Reimbursement Agreement, the District shall reimburse the Developer for Certified District Eligible Costs and Payment Advances. Accepted Certified District Eligible Costs, excluding Payment Advances, shall bear simple interest at a rate of the 30-year Municipal Market Data (MMD) "AAA" General Obligation Yield Curve +325 bps per annum from the effective date of the related Acceptance Resolution. Payment Advances shall also accrue at the same rate previously mentioned but from the date of deposit into the Districts account from the Developer. The District's obligation under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or 20 years from the date of execution. The Public Improvements Acquisition and Reimbursement Agreement was terminated on June 29, 2023.

Infrastructure Acquisition and Reimbursement Agreement

Effective November 28, 2023, the District and JEN entered into an Infrastructure Acquisition and Reimbursement Agreement. This Agreement establishes the terms and conditions for the reimbursement of Certified District Eligible Costs by the District. The obligation of the District to reimburse JEN following adoption of an Acceptance Resolution shall be subject to availability of funds first from Bond proceeds, second from such funds as the District determines, and third through the issuance of one or more Reimbursement Obligations.

Certified District Eligible Costs recognized prior to the issuance of a Reimbursement Obligation shall accrue interest from the date of adoption of an Acceptance Resolution to the earlier of the date a Reimbursement Obligation is issued to evidence Certified District Eligible Costs, or the date of repayment in full of the applicable Certified District Eligible Costs. Interest shall accrue on unpaid Certified District Eligible Costs at simple interest with no compounding at the MMD interest rate plus half a percent.

The District agrees to issue one more Reimbursement Obligations to evidence any repayment obligation of the District then existing with respect to Certified District Eligible Costs, and interest accrued, under this Agreement. Such Reimbursement Obligations shall mature on a date or dates subject to the limitations of this Agreement and bear interest at a market rate, to be determined at the time of issuance of such Reimbursement Obligations.

The District's obligation to reimburse JEN for any and all Certified District Eligible Costs not converted to Reimbursement Obligations shall terminate automatically upon the occurrence of (i) JEN's voluntary dissolution; (ii) administrative dissolution that is not remedied or cured within 60 days; or (iii) the initiation of bankruptcy, receivership, or similar process or actions with regard to JEN. Furthermore, the District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or at the expiration of the Maximum Repayment Term.

As of December 31, 2023, the District did not have any outstanding Certified District Eligible Costs or Reimbursement Obligations.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 RELATED PARTY

All of the members of the Board of Directors of the District are employees, owners or are otherwise associated with JEN (the Developer), ACJ Partnership and Alpert Corporation (prior Developer) and may have conflicts of interest in dealing with the District. In 2024, the District engaged JR Engineering for contractor services. Three members of the Board of Directors are employees of JR Engineering. Management believes that all potential conflicts, if any, have been disclosed to the Board. Also, the Developer has various agreements with the District.

NOTE 6 ECONOMIC DEPENDENCY

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

NOTE 7 AGREEMENTS

Aurora Regional Improvement South Establishment Agreement

The South Aurora Regional Improvement Authority Establishment Agreement (ARI Agreement) effective July 10, 2017 and as amended on October 2, 2018, between the City of Aurora and several Special Districts was established to assist in the collective funding of specific regional improvements. The District is not obligated under the ARI Agreement to issue debt for the purposes of financing regional improvements, but is required to impose a ARI mill levy and pay the tax revenue derived therefrom to the ARI South Authority. The obligation to impose a ARI mill levy occurs upon the imposition of a District debt service mill levy. On January 10, 2022, the District became an additional party to the ARI Agreement.

Capital Facilities Fee

The District imposes a Capital Facilities Fee in the amount of \$2,500 for each residential unit within the District. The Capital Facilities Fee is payable at the time a building permit is issued by the County for a residential unit. The Capital Facilities Fee revenue is pledged to the payment of the Bonds. For the fiscal year ended December 31, 2023, the District did not have any Capital Facilities Fees.

NOTE 8 NET POSITION

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

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

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 NET POSITION (CONTINUED)

| | Governmental Activities |
|-------------------------------|----------------------------|
| Restricted Net Position: | |
| Emergency Reserve | \$ 3 |
| Debt Service Reserve | 436 |
| Total Restricted Net Position | \$ 439 |

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 as of December 31, 2023. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements.

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

The District pays annual premiums to the Pool for liability, property, 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.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

At the Election on November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR and also authorized the District to increase property taxes by up to \$10,000,000 annually.

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

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND –
SCHEDULE 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 | | | |
| Property Taxes | \$ 407 | \$ 408 | \$ 1 |
| Specific Ownership Taxes | 24 | 26 | 2 |
| Total Revenues | <u>431</u> | <u>434</u> | <u>3</u> |
| EXPENDITURES | | | |
| County Treasurer's Fee | 6 | 6 | - |
| Paying Agent Fees | 4,000 | 4,000 | - |
| Total Expenditures | <u>4,006</u> | <u>4,006</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (3,575) | (3,572) | 3 |
| Fund Balance - Beginning of Year | <u>4,008</u> | <u>4,009</u> | <u>1</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 433</u> | <u>\$ 437</u> | <u>\$ 4</u> |

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE 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 | | | |
| Interest Income | \$ 650,000 | \$ 2,256,039 | \$ 1,606,039 |
| Total Revenues | <u>650,000</u> | <u>2,256,039</u> | <u>1,606,039</u> |
| EXPENDITURES | | | |
| Accounting | 30,000 | - | 30,000 |
| Engineering | 75,000 | - | 75,000 |
| Legal | 30,000 | - | 30,000 |
| Capital Outlay | 44,741,375 | - | 44,741,375 |
| Contingency | 46,208 | - | 46,208 |
| Total Expenditures | <u>44,922,583</u> | <u>-</u> | <u>44,922,583</u> |
| OTHER FINANCING SOURCES | | | |
| Repay Developer Advance | (100,000) | (89,460) | 10,540 |
| Total Other Financing Sources | <u>(100,000)</u> | <u>(89,460)</u> | <u>10,540</u> |
| NET CHANGE IN FUND BALANCE | (44,372,583) | 2,166,579 | 46,539,162 |
| Fund Balance - Beginning of Year | <u>44,372,583</u> | <u>44,600,017</u> | <u>227,434</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 46,766,596</u> | <u>\$ 46,766,596</u> |

OTHER INFORMATION

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023
UNAUDITED

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | Total Property Taxes | | Percent Collected to Levied |
|-----------------------------|--|--------------|-----------------|-------|----------------------|-----------|-----------------------------------|
| | | General | Debt Service | ARI | Levied | Collected | |
| 2019 | \$ 145 | - | - | - | \$ - | \$ - | - % |
| 2020 | 145 | - | - | - | - | - | - |
| 2021 | 145 | - | - | - | - | - | - |
| 2022 | 145 | 11.133 | 55.664 | 1.113 | 10 | 9 | 90.00 |
| 2023 | 6,671 | 12.205 | 61.027 | 1.220 | 496 | 497 | 100.14 |
| Estimated for the Year | | | | | | | |
| Ending December 31, 2024 | \$ 6,876 | 12.214 | 54.864 | 1.097 | \$ 469 | | |

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.