

**SKY RANCH COMMUNITY AUTHORITY BOARD
ARAPAHOE COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**SKY RANCH COMMUNITY AUTHORITY BOARD
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Independent Auditors' Report

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Members of the Board of Directors
Sky Ranch Community Authority Board

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sky Ranch Community Authority Board (the CAB) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the CAB'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 Sky Ranch Community Authority Board, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 our report. We are required to be independent of Sky Ranch Community Authority Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Sky Ranch Community Authority Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sky Ranch Community Authority Board's financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Haynie & Company

Littleton, Colorado
June 28, 2024

**SKY RANCH COMMUNITY AUTHORITY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

The following is management's discussion and analysis (MD&A) of the financial activities of the Sky Ranch Community Authority Board (the CAB) for the year ended December 31, 2023. This information should be read in conjunction with the basic financial statements which follow.

BACKGROUND INFORMATION

Pursuant to a Community Authority Board Establishment Agreement, as the same may be amended from time to time, Sky Ranch Metropolitan District No. 1, Sky Ranch Metropolitan District No. 3, and Sky Ranch Metropolitan District No. 5 (collectively, the CAB Districts) formed the CAB to, among other things, design, construct, finance, operate and maintain certain public improvements for the benefit of the property within the boundaries and/or service area of the CAB Districts. In order for the public improvements to be constructed and/or acquired, it is necessary for each of the CAB Districts, directly or through the CAB, to be able to fund the improvements and pay its ongoing operations and maintenance expenses related to the provision of services that benefit the property. The CAB entered into agreements with Pure Cycle Corporation (the Developer) in November 2017, June 2018 and August 2021, requiring the Developer to fund expenses related to the construction of an agreed upon list of improvements for the Sky Ranch property.

FINANCIAL HIGHLIGHTS

- Total assets of \$43.9 million, a decrease of \$8.1 million or 15.6% from 2022
- Total liabilities of \$75 million, an increase of \$8.9 million or 13.5% from 2022
- Total revenues of approximately \$4 million, and increase of \$2.2 million of 117.4% from 2022
- Developer advances were \$11.1 million, a decrease of \$580 thousand or 5% from 2022
- The outstanding Developer advances as of December 31, 2023 were \$28.9 million, an increase of 53.5% from 2022.
- Capital asset additions were \$9.2 million in 2023.
- The above changes were largely due to the development of Sky Ranch which began in 2018.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the CAB's basic financial statements, which are comprised of three parts: i) the MD&A, ii) the basic financial statements, including the notes thereto; and iii) the supplementary and other information. The basic financial statements include two kinds of statements that present information relating to the CAB:

- The first two are government-wide financial statements that provide both long-term and short-term information about the CAB's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the CAB, reporting the CAB's operations in more detail than the government-wide financial statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

The government-wide financial statements are designed to provide readers a broad overview of the CAB's finances, in a manner similar to a private-sector business. The statement of net position includes all of the CAB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the CAB's overall financial status.

The statement of net position presents information on the CAB's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CAB is improving or deteriorating.

The statement of activities shows how the CAB's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unpaid developer advances) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes of the CAB's activities and can be used to determine whether the CAB has successfully recovered all its economic costs through its fees, capital contributions, and other charges.

The fund financial statements provide more detailed information about the CAB's funds. Funds are accounting devices the CAB uses to keep track of specific sources of funding and spending on particular programs. All of the CAB's basic services are included in governmental funds, which generally focus on: 1) inflows and outflows of cash and other financial assets, and 2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the CAB's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the CAB's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary and other information provide details on budget to actual changes, a reconciliation of revenues and expenditures on a budgetary basis, and a schedule of debt service requirements to maturity.

**SKY RANCH COMMUNITY AUTHORITY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS

Net Position

As discussed above, net position may serve over time as a useful indicator of the CAB's financial position. The table below presents a summary of the CAB's net position:

Table 1 – Condensed Statements of Net Position

	<u>As of December 31,</u>		<u>Year-to-Year Changes</u>	
	<u>2023</u>	<u>2022</u>	<u>\$</u>	<u>%</u>
Cash and Other Assets	\$ 6,249,905	\$ 6,960,314	\$ (710,409)	(10.2)%
Capital Assets	38,097,466	45,067,677	(6,970,211)	(15.5)%
Total Assets	<u>\$ 44,347,371</u>	<u>\$ 52,027,991</u>	<u>\$ (7,680,620)</u>	<u>(14.8)%</u>
Accounts Payable	\$ 1,005,449	\$ 2,022,095	\$ (1,016,646)	(50.3)%
Other Liabilities	74,453,246	64,090,684	10,362,562	16.2%
Total Liabilities	<u>75,458,695</u>	<u>66,112,779</u>	<u>9,345,916</u>	<u>14.1%</u>
Net Position				
Net Investment in Capital Assets	(13,080,532)	(25,156,152)	12,075,620	--%
Restricted	139,206	30,200	109,006	360.9%
Unrestricted	(18,169,998)	11,041,164	(29,211,162)	(264.6)%
Total Net Position	<u>\$ (31,111,324)</u>	<u>\$ (14,084,788)</u>	<u>\$ (17,026,536)</u>	<u>120.9%</u>

The CAB's most significant assets are related to the infrastructure being constructed at Sky Ranch related to the public improvements (roads, sidewalks, parks, etc.). The largest liabilities are the amounts owed to the Developer and the bondholders for the cost of the infrastructure noted above.

The CAB's net position represents amounts restricted for a specific purpose. The restricted amount represents Emergency Reserves that have been provided as required by the Constitution of the State of Colorado.

The remaining balance of the CAB's net position represents unrestricted net position and may be used to meet the CAB's ongoing obligations to creditors.

**SKY RANCH COMMUNITY AUTHORITY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

Change in Net Position

While the statement of net position displays the CAB's assets, liabilities and net position at year-end, the statement of activity and the statement of revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. The majority of the changes in net position are a result of debt-related expenses and construction of public improvements. The table below presents the CAB's summarized operating activities.

**Table 2 – Condensed Statement of Revenue, Expenses and Changes
in Net Position
Year Ended December 31, 2023**

Program Revenues	\$ 2,821,409
Nonoperating Revenues	1,272,745
Total Revenues	4,094,154
Operating Expenses	1,619,488
Interest and Debt-Related Expenses	3,529,472
Conveyance of Capital Assets	15,971,730
Total Expenses	21,120,690
Change in Net Position	(17,026,536)
Beginning Net Position	(14,084,788)
Ending Net Position	\$ (31,111,324)

Interest and debt-related expenses are related to the Series 2019 Bonds, Series 2022 Bonds, and Developer Advances as described in the notes to the basic financial statements.

Capital Asset Activity

The CAB's capital assets at December 31, 2023, totaled \$37.7 million, consisting of construction in progress and Capital Assets, Being Depreciated. Capital asset additions in 2023 were \$9.2 million, the majority of which related to public improvements at Sky Ranch. Capital assets of \$16 million constructed by the CAB were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

Long-Term Obligations

As of December 31, 2023, the CAB had outstanding debts in the form of bonds and advances totaling \$72.9 million. Detailed information on the CAB's long-term obligations is presented in Note 5 of the financial statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the CAB's finances. Questions concerning any of the information provide in this report or requests for additional information should be addressed to:

Sky Ranch Community Authority Board
8390 E Crescent Pkwy, Ste. 300
Greenwood Village, CO 80111
Cathee.Sutton@claconnect.com

BASIC FINANCIAL STATEMENTS

**SKY RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 337,383
Cash and Investments - Restricted	5,767,273
Accounts Receivable	102,327
Due from Sky Ranch Metropolitan Districts Nos. 1, 3, and 5	4,912
Deposits - SEMSWA	38,010
Capital Assets, Not Being Depreciated	29,202,222
Capital Assets, Net of Accumulated Depreciation	8,895,244
Total Assets	44,347,371
LIABILITIES	
Accounts Payable	1,005,449
Retainage Payable	622,094
Accrued Interest Payable - Bonds	962,580
Long-Term Liabilities:	
Due Within One Year	150,000
Due in More Than One Year	72,718,572
Total Liabilities	75,458,695
NET POSITION	
Net Investment in Capital Assets	(13,080,532)
Restricted For:	
Emergency Reserves	37,200
Debt Service	102,006
Unrestricted	(18,169,998)
Total Net Position	\$ (31,111,324)

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Operations and Maintenance	Alley Assessment Fee	Debt Service 2019 Bonds	Debt Service 2022 Bonds	Capital Projects	Regional Improvements	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 295,035	\$ 26,278	\$ 16,070	\$ -	\$ -	\$ -	\$ -	\$ 337,383
Cash and Investments - Restricted	22,800	14,000	400	1,376,738	3,920,146	351,322	81,867	5,767,273
Accounts Receivable	52,514	46,492	3,321	-	-	-	-	102,327
Due from Sky Ranch Metropolitan Districts Nos. 1,3, and 5	1,134	-	-	3,402	-	-	376	4,912
Deposits - SEMSWA	-	-	-	-	-	38,010	-	38,010
Total Assets	\$ 371,483	\$ 86,770	\$ 19,791	\$ 1,380,140	\$ 3,920,146	\$ 389,332	\$ 82,243	\$ 6,249,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 62,561	\$ 56,546	\$ -	\$ -	\$ -	\$ 886,342	\$ -	\$ 1,005,449
Retainage Payable	-	-	-	-	-	622,094	-	622,094
Total Liabilities	62,561	56,546	-	-	-	1,508,436	-	1,627,543
FUND BALANCES								
Restricted For:								
Emergency Reserve	22,800	14,000	400	-	-	-	-	37,200
Debt Service	-	-	-	1,380,140	3,920,146	-	-	5,300,286
Regional Improvements	-	-	-	-	-	-	82,243	82,243
Assigned:								
Subsequent Year's Expenditures	54,489	-	-	-	-	-	-	54,489
Operations and Maintenance Funded in Subsequent Year	-	16,224	19,391	-	-	-	-	35,615
Unassigned:								
General Government	231,633	-	-	-	-	-	-	231,633
Capital Projects	-	-	-	-	-	(1,119,104)	-	(1,119,104)
Total Fund Balances	308,922	30,224	19,791	1,380,140	3,920,146	(1,119,104)	82,243	4,622,362
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 371,483	\$ 86,770	\$ 19,791	\$ 1,380,140	\$ 3,920,146	\$ 389,332	\$ 82,243	\$ 6,249,905

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

Fund Balances - Total Governmental Funds	\$ 4,622,362
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
Capital Assets, Not Being Depreciated	38,097,466
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.</p>	
Bonds Payable	(42,531,000)
Bonds Premium Payable	(247,874)
Accrued Interest Payable - Bonds	(962,580)
Developer Advance Payable	(26,182,848)
Developer Advance Payable - Project Management	(2,701,626)
Accrued Interest Payable - Developer Advances	<u>(1,205,224)</u>
Net Position of Governmental Activities	<u>\$ (31,111,324)</u>

See accompanying Notes to Basic Financial Statements.

SKY RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Operations and Maintenance	Alley Assessment Fee	Debt Service (2019 Bonds)	Debt Service (2022 Bonds)	Capital Projects	Regional Improvements	Total Governmental Funds
REVENUES								
Public Improvement Fees	\$ 410,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410,459
Transfer from Sky Ranch District No. 1	167,642	-	-	838,207	-	-	327,435	1,333,284
Transfer from Sky Ranch District No. 3	65,774	-	-	-	328,906	-	93,099	487,779
Transfer from Sky Ranch District No. 5	112,337	-	-	-	-	-	-	112,337
O&M Fees	-	451,292	-	-	-	-	-	451,292
Administrative Fees	-	15,215	-	-	-	-	-	15,215
Alley Assessment Fees	-	-	11,043	-	-	-	-	11,043
Other Revenue	-	-	-	-	-	966,101	-	966,101
Net Investment Income	1,390	-	-	82,702	222,197	355	-	306,644
Total Revenues	757,602	466,507	11,043	920,909	551,103	966,456	420,534	4,094,154
EXPENDITURES								
General	332,335	-	-	-	-	61,104	-	393,439
Operations and Maintenance	-	574,154	-	-	-	-	-	574,154
Debt Service	-	-	-	930,165	1,349,338	-	-	2,279,503
Capital Projects	-	-	-	-	-	9,653,414	-	9,653,414
Total Expenditures	332,335	574,154	-	930,165	1,349,338	9,714,518	-	12,900,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	425,267	(107,647)	11,043	(9,256)	(798,235)	(8,748,062)	420,534	(8,806,356)
OTHER FINANCING SOURCES (USES)								
Developer Advances	-	-	-	-	-	10,665,933	-	10,665,933
Developer Advances - Project Management	-	-	-	-	-	421,921	-	421,921
Repay Developer Advances	-	-	-	-	-	(2,010,240)	-	(2,010,240)
Transfers from Other Funds	-	-	-	-	-	908,141	-	908,141
Transfers to Other Funds	(550,000)	-	-	-	-	-	(358,141)	(908,141)
Total Other Financing Sources (Uses)	(550,000)	-	-	-	-	9,985,755	(358,141)	9,077,614
NET CHANGE IN FUND BALANCES	(124,733)	(107,647)	11,043	(9,256)	(798,235)	1,237,693	62,393	271,258
Fund Balances (Deficits) - Beginning of Year	433,655	137,871	8,748	1,389,396	4,718,381	(2,356,797)	19,850	4,351,104
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 308,922	\$ 30,224	\$ 19,791	\$ 1,380,140	\$ 3,920,146	\$ (1,119,104)	\$ 82,243	\$ 4,622,362

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
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 - Governmental Funds \$ 271,258

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

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

Capital Outlay	9,653,414
Current Year Depreciation	(651,895)
Conveyance of Capital Assets to Other Governments	(15,971,730)

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

Bond Principal Payment	228,000
Developer Advances	(10,665,933)
Repayment of Developer Advances	1,023,254

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.

Bond Premium Amortization	14,525
Accrued Interest on Developer Advances - Change in Liability	(262,705)
Accrued Interest on Bonds - Change in Liability	(242,803)

Change in Net Position of Governmental Activities \$ (17,026,536)

**SKY RANCH COMMUNITY AUTHORITY BOARD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Public Improvement Fees	\$ 116,000	\$ 360,000	\$ 410,459	\$ 50,459
Net Investment Income	-	-	1,390	1,390
Transfer from Sky Ranch District No. 1	167,548	168,641	167,642	(999)
Transfer from Sky Ranch District No. 3	67,408	67,856	65,774	(2,082)
Transfer from Sky Ranch District No. 5	111,746	112,475	112,337	(138)
Total Revenues	<u>462,702</u>	<u>708,972</u>	<u>757,602</u>	<u>48,630</u>
EXPENDITURES				
General:				
Accounting	75,000	80,000	81,803	(1,803)
Audit	16,000	15,800	24,800	(9,000)
Dues and Memberships	2,500	2,500	-	2,500
Election	20,000	4,787	30,641	(25,854)
Insurance	35,000	30,641	70,495	(39,854)
CAB Management	80,000	80,000	118,817	(38,817)
Legal	100,000	100,000	4,787	95,213
Miscellaneous/Contingency	11,500	136,272	992	135,280
Total Expenditures	<u>340,000</u>	<u>450,000</u>	<u>332,335</u>	<u>117,665</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	122,702	258,972	425,267	166,295
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(200,000)	(550,000)	(550,000)	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(77,298)	(291,028)	(124,733)	166,295
Fund Balance - Beginning of Year	131,985	433,655	433,655	-
FUND BALANCE - END OF YEAR	<u>\$ 54,687</u>	<u>\$ 142,627</u>	<u>\$ 308,922</u>	<u>\$ 166,295</u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
OPERATIONS AND MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Administrative Fees	\$ 10,700	\$ 15,215	\$ 4,515
O&M Fees	420,000	451,292	31,292
Other Revenue	5,000	-	(5,000)
Total Revenues	<u>435,700</u>	<u>466,507</u>	<u>30,807</u>
EXPENDITURES			
Community Management	35,000	38,388	(3,388)
Covenant Enforcement	22,000	21,600	400
Detention Ponds	3,000	-	3,000
Fee Billing and Collection	43,000	56,073	(13,073)
Fencing	6,000	-	6,000
Holiday Lights	35,000	16,256	18,744
Landscaping	150,000	193,203	(43,203)
Legal	15,000	14,982	18
Mailboxes	6,000	-	6,000
Repairs and Maintenance	5,000	-	5,000
Parks and Recreation	20,000	-	20,000
Pet Stations	5,000	4,110	890
Community Event	15,000	3,549	11,451
Snow Removal	30,000	45,509	(15,509)
Status Letter Processing	15,000	20,911	(5,911)
Utilities	175,000	159,573	15,427
Operation and Maintenance Reserve	20,000	-	20,000
Total Expenditures	<u>600,000</u>	<u>574,154</u>	<u>25,846</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(164,300)	(107,647)	56,653
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	100,000	-	(100,000)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	(64,300)	(107,647)	(43,347)
Fund Balance - Beginning of Year	<u>117,801</u>	<u>137,871</u>	<u>20,070</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 53,501</u></u>	<u><u>\$ 30,224</u></u>	<u><u>\$ (23,277)</u></u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
 ALLEY ASSESSMENT FEE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Alley Assessment Fees	\$ 17,496	\$ 11,043	\$ (6,453)
Total Revenues	<u>17,496</u>	<u>11,043</u>	<u>(6,453)</u>
EXPENDITURES			
Repairs and Maintenance	2,250	-	2,250
Snow Removal	21,000	-	21,000
Contingency	5,199	-	5,199
Total Expenditures	<u>28,449</u>	<u>-</u>	<u>28,449</u>
NET CHANGE IN FUND BALANCE	(10,953)	11,043	21,996
Fund Balance - Beginning of Year	<u>10,953</u>	<u>8,748</u>	<u>(2,205)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 19,791</u></u>	<u><u>\$ 19,791</u></u>

See accompanying Notes to Basic Financial Statements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

The Sky Ranch Community Authority Board (the CAB) is a political subdivision and public corporation of the State of Colorado, formed pursuant to that certain Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, dated August 13, 2021 (as restated and amended, the CABEA), as may be further amended from time to time, between Sky Ranch Metropolitan District No. 1 (District No. 1), Sky Ranch Metropolitan District No. 3 (District No. 3) and Sky Ranch Metropolitan District No. 5 (District No. 5, and together with District No. 1 and District No. 3, the CAB Districts), under authority granted by Sections 18(2)(a) and (b) of Article XIV of the Colorado Constitution and Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes, as amended.

The CAB Districts and Sky Ranch Metropolitan District Nos. 4 and 6-8 (District Nos. 4 and 6-8) exist for the purpose of financing, constructing, installing, acquiring and operating and maintaining certain public improvements as described in their respective Service Plans (collectively, the Public Improvements) to serve and benefit a planned, mixed-use development consisting of residential, commercial, and retail properties within the boundaries of the project area known as Sky Ranch (the Development or the Service Area). The CAB Districts, District No. 4, and Districts 6-8 are collectively referred to as the Districts.

The CAB Districts' respective Service Plans contemplated that the Districts, with the approval of their electors, would enter into one or more intergovernmental agreements to coordinate the financing, installation, construction and operations and maintenance of Public Improvements that benefit the users of, and residents within, the Service Area, and the CAB Districts entered into the CABEA and formed the CAB for those purposes. District No. 4 is currently in inactive status, but the board of District No. 4 may decide to become a party to the CABEA in the future, at which time it would also become a CAB District. Districts Nos. 6, 7, and 8 (the New Districts) were organized on February 8, 2023 and are also in inactive status; it is anticipated that the New Districts will become parties to the CABEA upon returning to active status.

Under the CABEA, each CAB District shall transfer certain revenues received by it to fund the operation and maintenance costs and capital costs of the Public Improvements. Each CAB District has agreed, and the CABEA provides, that the CAB will own, operate, maintain, finance and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements. See Note 7 – Agreements for additional information on the CABEA.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the CAB 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 CAB. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the CAB. The difference between the assets and liabilities of the CAB 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. Other revenues not properly included among program revenues are reported 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 CAB considers revenues to be measurable and available (hence recognized at year-end) if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are service fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the CAB. The CAB has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

**SKY RANCH COMMUNITY AUTHORITY BOARD
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 CAB reports the following major governmental funds:

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

The Operations and Maintenance Fund is used to account for fees collected and expenditures incurred in connection with operations and maintenance.

The Alley Assessment Fee Fund is used to account for fees collected and expenditures incurred in connection with operations and maintenance of the alley homes.

The Debt Service Funds are used to account for the resources accumulated and payments made for principal and interest on bonds issued by the CAB.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of public improvements related to all filings within the CAB Districts.

The Regional Improvements Fund is used to account for financial resources to be used for the acquisition and construction of Regional improvements related to all filings within the CAB Districts.

Budgets

In accordance with the State Budget Law, the CAB's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and financing uses level and lapses at year-end. The CAB'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 CAB has amended its annual budget for the year ended December 31, 2023.

Pooled Cash and Investments

The CAB 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 total cash.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the CAB as assets with an initial, individual cost of more than \$5,000 with an economic life greater than one year. Such assets are recorded at cost if purchased or estimated cost if 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, as well as capital assets being constructed which the CAB may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the CAB's net position. Depreciation begins at the time assets are placed in service.

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 that will be dedicated to the other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Landscaping	20 Years
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O&M Fees and Administrative Fees

On March 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-03-01, Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Original O&M Fee Resolution), which imposed certain operations and maintenance fees on real property within the boundaries of District No. 1, effective April 1, 2019. On November 8, 2019, the CAB's Board of Directors adopted Resolution No. 2019-11-03, Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Amended and Restated Resolution), which amended and restated the Original O&M Fee Resolution in its entirety. On February 12, 2021, the CAB's Board of Directors adopted Resolution No. 2021-02-01, Second Amended and Restated Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees (the Second Amended and Restated Resolution, and together with the Original O&M Fee Resolution and the Amended and Restated Resolution, the Previous Resolutions), which amended and restated the Original O&M Fee Resolution and the Amended and Restated Resolution in its entirety.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O&M Fees and Administrative Fees (Continued)

On December 8, 2023, the CAB's Board of Directors adopted Resolution No. 2023-12-02, Resolution of the Board of Directors of Sky Ranch Community Authority Board Amending and Restating the Imposition of Operations and Maintenance Fees for the Property within Sky Ranch Metropolitan District No. 1 (the District No. 1 O&M Fee Resolution), which amended and restated the Previous Resolutions in their entirety.

Pursuant to the District No. 1 O&M Fee Resolution, the CAB imposes certain operations and maintenance fees (O&M Fees) on real property within the boundaries of District No. 1 as follows: (1) for unplatted lots, there are no O&M Fees imposed on homebuilders; (2) upon transfer of a finished lot to a homebuilder, at the rate of \$50 per month, or \$150 per quarter, billed quarterly; (3) upon transfer of a residential unit from a homebuilder to an owner, or from one owner to another owner, the CAB imposes O&M Fees upon the owners at the rate of \$50 per month, or \$150 per quarter, billed quarterly. Under the District No. 1 O&M Fee Resolution, the CAB also imposes an Administrative Fee of \$200 per conveyance or refinance.

On January 14, 2022, the CAB's Board of Directors adopted Resolution No. 2022-01-01, Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Operations and Maintenance Fees - Sky Ranch Metropolitan District No. 3 / Filing No. 4 (the Original District No. 3 O&M Fee Resolution).

On December 8, 2023, the CAB's Board of Directors adopted Resolution No. 2023-12-03, Resolution of the Board of Directors of Sky Ranch Community Authority Board Amending and Restating the Imposition of Operations and Maintenance Fees for the Property within Sky Ranch Metropolitan District No. 3 (the District No. 3 O&M Fee Resolution), which amends and restates the Original District No. 3 O&M Fee Resolution in its entirety. Under the District No. 3 O&M Fee Resolution, the CAB imposes the same O&M fees on the real property within District No. 3 that are imposed in District No. 1 under the District No. 1 O&M Fee Resolution.

On January 14, 2022, the CAB's Board of Directors adopted Resolution No. 2022-01-02, Resolution of the Board of Directors of Sky Ranch Community Authority Board Regarding the Imposition of Alleyway Operations and Maintenance Fees (the Original District No. 3 Alleyway Fee Resolution), under which the CAB imposes additional O&M Fees for additional services on alley loaded products within District No. 3.

On December 8, 2023, the CAB's Board of Directors adopted Resolution No. 2023-12-04, Resolution of the Board of Directors of Sky Ranch Community Authority Board Amending and Restating the Imposition of Alleyway Operations and Maintenance Fees, as corrected on April 17, 2024 (the District No. 3 Alleyway Fee Resolution). Under the District No. 3 Alleyway Fee Resolution, the CAB imposes a \$27 per lot fee on a quarterly basis for additional services performed on the alley-loaded products in District No. 3.

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Improvement Fee

PCY Holdings, LLC, the landowner of the property within the Development (the Declarant or Property Owner) caused to be recorded a Declaration of Covenants Imposing and Implementing the Sky Ranch Public Improvement Fee (the PIF Covenant), which assigned the Declarant's rights under the PIF Covenant to receive certain revenue imposed by the PIF Covenant District No. 5 or another governmental entity, such as the CAB. Under the CABEA, District No. 5 agreed to transfer its revenues, including the revenue collected under the PIF Covenant, to the CAB for the purpose of the financing, installation, construction and operations and maintenance of Public Improvements that benefit the users of, and residents within, the Service Area. Pursuant to the PIF Covenant, the CAB imposes a Retail Public Improvement Fee (Retail PIF) and a one-time Material Sales and Use Public Improvement Fee (Material Sales and Use PIF). The Retail PIF is applied to the sale of goods at a rate of 2.75%, in addition to all sales and use taxes that may be imposed and is collected by the retailers in the Districts and remitted to the Districts within 20 days after month-end. The Material Sales and Use PIF is imposed on construction activities for the materials incorporated into the construction of any newly constructed building, dwelling or structure within property. The Material Sales and Use PIF is payable by homebuilders and is equal to 2.75% of an amount equal to 50% of the Construction Valuation Amount.

Equity

Net Position

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

In the government-wide financial statements, net position may be classified into three components: net investment in capital assets, restricted and unrestricted (see Note 6).

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.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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

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

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

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

Deficits

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. Pursuant to a funding agreement effective November 13, 2017, the deficit will be eliminated with Developer advances 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	\$ 337,383
Cash and Investments - Restricted	5,767,273
Total Cash and Investments	\$ 6,104,656

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

Deposits with Financial Institutions	\$ 800,292
Investments	5,304,364
Total Cash and Investments	\$ 6,104,656

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2023, the CAB's cash deposits had a bank and carrying balance of \$800,292.

Investments

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

The CAB 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 CAB 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

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 5,304,364</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.

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

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

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. 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.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the CAB's capital assets for the year ended December 31, 2023:

	Balance - December 31, 2022	Increases	Decreases	Balance - December 31, 2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being				
Depreciated:				
Construction in Progress:	\$ 39,581,838	\$ 9,653,414	\$ 20,033,030	\$ 29,202,222
Total Capital Assets, Not Being Depreciated	39,581,838	9,653,414	20,033,030	29,202,222
Capital Assets, Being				
Depreciated:				
Landscaping	5,930,637	4,061,300	-	9,991,937
Less Accumulated				
Depreciation For:				
Landscaping	(444,798)	(651,895)	-	(1,096,693)
Total Capital Assets, Being Depreciated, Net	5,485,839	3,409,405	-	8,895,244
Governmental Activities Capital Assets, Net	\$ 45,067,677	\$ 13,062,819	\$ 20,033,030	\$ 38,097,466

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ (651,895)
Total Depreciation Expense - Governmental Activities	\$ (651,895)

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023	Due Within One Year
Limited Tax Supported					
Revenue Bonds:					
Senior - Series 2019A	\$ 11,435,000	\$ -	\$ 55,000	\$ 11,380,000	\$ 150,000
Senior - Bond Premium	262,399	-	14,525	247,874	-
Subordinate - Series 2019B	1,612,000	-	173,000	1,439,000	-
Senior - Series 2022A	23,345,000	-	-	23,345,000	-
Subordinate - Series 2022B	6,367,000	-	-	6,367,000	-
Total Bonds Payable	<u>43,021,399</u>	<u>-</u>	<u>242,525</u>	<u>42,778,874</u>	<u>150,000</u>
Other Debts:					
Developer Advances	16,540,169	10,665,933	1,023,254	26,182,848	-
Developer Advances - Project Management	2,279,705	421,921	-	2,701,626	-
Accrued Interest on					
Developer Advances	583,256	1,103,863	986,986	700,133	-
Accrued Interest on					
Developer Advances - Project Management	359,263	145,828	-	505,091	-
Total Other Debts	<u>19,762,393</u>	<u>12,337,545</u>	<u>2,010,240</u>	<u>30,089,698</u>	<u>-</u>
Total	<u>\$ 62,783,792</u>	<u>\$ 12,337,545</u>	<u>\$ 2,252,765</u>	<u>\$ 72,868,572</u>	<u>\$ 150,000</u>

Limited Tax Supported District No. 1 Bonds, Series 2019

On November 19, 2019, the CAB issued \$11,435,000 in Limited Tax Supported District No. 1 Senior Bonds, Series 2019A (Senior Bonds) and \$1,760,000 in Limited Tax Supported District No. 1 Subordinate Bonds, Series 2019B (Subordinate Bonds) (collectively, Series 2019 Bonds), for the purposes of (i) financing public improvements related to the Development, (ii) paying capitalized interest on the 2019A Senior Bonds, (iii) funding a deposit to the Senior Bonds Reserve Fund, and (iv) paying other costs in connection with the issuance of the 2019 Bonds.

The Senior Bonds are term bonds which bear interest at 5.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2049, and are subject to optional redemption as described in the Senior Indenture.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenues, which includes property taxes generated by the imposition of the District No. 1 Senior Required Mill Levy (in accordance with the Pledge Agreement) net of the cost of collection, all other Required Mill Levy Revenue (pursuant to the Pledge Agreement), Specific Ownership Taxes attributable to the District No. 1 Senior Required Mill Levy, and any other legally available amounts that the CAB may designate by resolution of the Board to be deposited with the Trustee for deposit into the Senior Revenue Fund. The Senior Bonds are also secured by amounts held in the Senior Reserve Fund, in the amount of the Required Reserve equal to \$915,000, and amounts accumulated in the Surplus Fund, if any.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax Supported District No. 1 Bonds, Series 2019 (Continued)

The CAB's long-term 2019A Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 150,000	\$ 569,000	\$ 719,000
2025	160,000	561,500	721,500
2026	180,000	553,500	733,500
2027	190,000	544,500	734,500
2028	215,000	535,000	750,000
2029-2033	1,335,000	2,497,750	3,832,750
2034-2038	1,930,000	2,108,000	4,038,000
2039-2043	2,680,000	1,554,500	4,234,500
2044-2048	3,670,000	790,250	4,460,250
2049	870,000	43,500	913,500
Total	<u>\$ 11,380,000</u>	<u>\$ 9,757,500</u>	<u>\$ 21,137,500</u>

The Subordinate Bonds bear interest at 7.625% per annum and interest is payable annually from available Subordinate Pledged Revenue on December 15, beginning on December 15, 2020. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are structured as cash flow bonds, meaning that interest payments not paid when due will accrue and compound until Subordinate Pledged Revenues are available and no regularly scheduled principal payments are due prior to maturity date. The Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in the Subordinate Indenture.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenues derived by the CAB from the following sources, net of any cost of collection: a) the District No. 1 Subordinate Required Mill Levy Revenues; b) Specific Ownership Tax Revenues, attributable to the Subordinate Required Mill Levy; and c) any other legally available moneys which the CAB determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds, meaning that no regularly scheduled principal and interest payments are due prior to maturity date and interest payments not paid when due will accrue and compound until Subordinate Pledged Revenues are available.

The occurrence of any of the following shall constitute an Event of Default: (a) the CAB fails or refuses to apply the Pledged Revenue as required by the Series 2019 Bonds Indentures; (b) the CAB defaults in the performance or observance of any of the covenants or agreements on the part under the Indentures; (c) the CAB or District No. 1 files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust Series 2019 Bonds obligation; (d) the CAB fails to cause District No. 1 to impose Required Mill Levy; or (e) any Event of Non-Compliance has occurred under the District No. 1 Pledge Agreement. The failure to pay principal of or interest on the Subordinate Bonds when due as the limited nature of the Subordinate Pledged Revenue shall not constitute an Event of Default.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax Supported District No. 3 Bonds, Series 2022

On August 16, 2022, the CAB issued \$23,345,000 in Limited Tax Supported District No. 3 Senior Bonds, Series 2022A (2022A Bonds) and \$6,367,000 in Limited Tax Supported District No. 3 Subordinate Bonds, Series 2022B(3) (2022B Bonds) (collectively, Series 2022 Bonds), for the purposes of (i) reimbursing the Developer for the construction of certain public improvements necessary to support the Development, (ii) funding capitalized interest on the 2022A Bonds, (iii) funding the 2022A Reserve Fund, and (iv) paying other costs related to the issuance of the 2022 Bonds.

The 2022A Bonds bear interest at the rate of 5.75% per annum, payable to the extent of 2022A Senior Pledged Revenue on each June 1 and December 1 (Interest Payment Dates), beginning on December 1, 2022. Annual mandatory sinking fund principal payments are due on each December 1, beginning December 1, 2027. The Senior Bonds mature on December 1, 2052.

The 2022A Bonds are secured by and payable solely from and to the extent of 2022A Senior Pledged Revenue, which includes all District No. 3 Senior Required Mill Levy Revenue, and 2022A Senior Specific Ownership Taxes attributable to the District No. 3 Senior Required Mill Levy. The 2022A Bonds are additionally secured by capitalized interest in the amount of \$3,076,190 and the 2022A Bonds Reserve Fund in the amount of the 2022A Senior Bonds Reserve Requirement of \$1,978,363, which will both be funded from proceeds of the 2022A Bonds, and by amounts, if any, on deposit in the 2022A Senior Bonds Surplus Fund, which is required to be funded with excess 2022A Senior Pledged Revenue, if any, up to the 2022A Maximum Surplus Amount of \$2,334,500.

The CAB's long-term 2022A Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,342,338	\$ 1,342,338
2025	-	1,342,338	1,342,338
2026	-	1,342,338	1,342,338
2027	140,000	1,342,338	1,482,338
2028	245,000	1,334,288	1,579,288
2029-2033	1,710,000	6,423,901	8,133,901
2034-2038	2,740,000	5,821,014	8,561,014
2039-2043	4,095,000	4,886,639	8,981,639
2044-2048	5,950,000	3,508,364	9,458,364
2049-2052	8,465,000	1,419,964	9,884,964
Total	<u>\$ 23,345,000</u>	<u>\$ 28,763,522</u>	<u>\$ 52,108,522</u>

The 2022B Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal or interest prior to the maturity date. Instead, principal is payable on each December 15, beginning on December 15, 2022, from and to the extent of available 2022B Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption. The 2022B Bonds mature on December 15, 2052.

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax Supported District No. 3 Bonds, Series 2022 (Continued)

The 2022B Bonds bear interest at 8.75% per annum, payable annually to the extent of 2022B Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2022. To the extent principal of any 2022B Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the 2022B Bond Discharge Date of December 16, 2062.

The Subordinate Bonds are secured by and payable from 2022B Subordinate Pledged Revenues generally defined in the 2022B Subordinate Indenture as all District No. 3 Subordinate Required Mill Levy Revenue, and all 2022B Subordinate Specific Ownership Taxes.

Unused lines of credit

The Series 2019 and Series 2022 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2019 Bonds and Series 2022 Bonds.

Events of default

For the Series 2019 Bonds events of default occur if the Authority fails to cause District No. 1 to impose the District No. 1 Required Mill Levy, or to apply the Revenues as required by the Indenture, fails to pay principal and interest on the Senior Bonds when due, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture. For the Series 2022 Bonds events of default occur if the Authority fails to cause District No. 3 to impose the District No. 3 Required Mill Levy, or to apply the Revenues as required by the Indenture, fails to pay principal and interest on the Senior Bonds when due, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Termination Events

The Series 2019 and Series 2022 Bonds are not subject to early termination.

Acceleration

The Series 2019 and Series 2022 Bonds are not subject to acceleration.

Authorized Debt

At an election held on November 6, 2018, District No. 1's eligible electors authorized District No. 1 to impose ad valorem property taxes on an annual basis not to exceed \$162,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements.

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Pursuant to this electoral authority, on November 1, 2019, District No. 1 entered into a Capital Pledge Agreement with the CAB, pursuant to which District No. 1 agreed to pledge certain revenues to the CAB pursuant to the intergovernmental agreement provisions of Sections 29-1-203 and -203.5, C.R.S., as described in the District No. 1 Capital Pledge Agreement, and committed to impose a mill levy annually that does not exceed the Service Plan limits for a debt mill levy, to repay Bonds to be issued by the CAB in a principal amount that does not exceed \$162,000,000 (the District No. 1 Pledge Obligation).

District No. 1's voters also authorized the issuance of up to \$1,782,000,000 in general obligation debt for public improvements, however the District No. 1 Service Plan debt limit of \$162,000,000 constrains the total amount of debt that District No. 1 can issue.

The Pledge Obligation may be used by the CAB to repay bonds the CAB has issued or will issue, including without limitation, the CAB's \$11,435,000 Limited Tax Supported District No. 1 Senior Bonds (Tax-Exempt Fixed Rate), Series 2019A (the CAB Series 2019A Bonds) and its \$1,760,000 Limited Tax Supported District No. 1 Subordinate Bonds (Tax-Exempt Fixed Rate), Series 2019B (the CAB Series 2019B Bonds and together with the CAB Series 2019A bonds, the CAB Series 2019 Bonds), and future bond issuances by the CAB.

At an election held on November 3, 2020, the eligible electors of District Nos. 3, 4, and 5, respectively, authorized District Nos. 3, 4, and 5, respectively, to impose ad valorem property taxes on an annual basis not to exceed \$312,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements. The eligible electors of District Nos. 3, 4, and 5, respectively, also authorized the issuance of up to \$3,432,000,000 in general obligation debt for public improvements, however the Amended and Restated Service Plans for District Nos. 3, 4, and 5, contain an aggregate debt limit of \$312,000,000, which constrains the total amount of debt those Districts can issue. The electors of District Nos, 6, 7 and 8 voted for analogous electoral authorization for those districts on November 2, 2021.

Pursuant to this electoral authority, on August 16, 2022, District No. 3 entered into a Capital Pledge Agreement with the CAB, pursuant to which District No. 3 agreed to pledge certain revenues to the CAB pursuant to the intergovernmental agreement provisions of Sections 29-1-203 and -203.5, C.R.S., as described in the District 3 Capital Pledge Agreement, and committed to impose a mill levy annually that does not exceed the Service Plan limits for a debt mill levy, to repay Bonds to be issued by the CAB in a principal amount that does not exceed 312,000,000 (the District No. 3 Pledge Obligation).

The CAB cannot issue Bonds which to exceed the Districts' Service Plan debt limits. Following the issuance of the CAB's Series 2019 Bonds, District No. 1 does not have any remaining capacity to pledge because it has pledged to the CAB its full authorization in the form of the District No. 1 Pledge Obligation, which is the same amount as the debt limit in the District No. 1 Service Plan. Following the issuance of the CAB's Series 2022 Bonds, District No. 3 does not have any remaining capacity to pledge because it has pledged to the CAB its full authorization in the form of the District No. 3 Pledge Obligation, which is the same amount as the debt limit in the District No. 3 Service Plan. The remaining authorized pledge limitation under the Service Plans for District Nos. 4-8 is \$312,000,000. The CAB's remaining debt authorization is \$269,093,000.

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The CAB entered the Phase 1 FFAA (defined and discussed in Note 7) with Pure Cycle Corporation (the Developer), effective 2017, for the purpose of funding certain operation and maintenance expenses and construction and acquisition of public improvements in Phase 1 (see Note 7); and the Phase 2 FFAA (defined and discussed in Note 7) with Pure Cycle Corporation (the Developer), effective 2020, for the purpose of funding certain operation and maintenance expenses and construction and acquisition of public improvements in Phase 2 (see Note 7). Under the Phase 1 FFAA and the Phase 2 FFAA, interest on funds advanced or to pay for improvements accrue at 6.00% per annum. The Phase 1 FFAA and the Phase 2 FFAA do not constitute debt, but are annual appropriations agreements intended to be repaid through future bond issuances or other available revenue.

As of December 31, 2023, the aggregate outstanding balance of developer advances advanced by the Developer to the CAB under the Phase 1 FFAA and the Phase 2 FFAA is \$26,182,848, and accrued interest is \$700,133.

In 2017, and as amended and restated in 2020, the CAB entered into two service agreements for project management services, one with the Developer, and one with the Property Owner (see Note 7), under which the Developer or Property Owner, as applicable, provides project management services for the CAB's construction of on- and offsite CAB eligible improvements (see Note 7). The amounts owed by the CAB to the Developer or Property Owner, as applicable, under the project management services agreements accrue as developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable (see Note 7).

As of December 31, 2023, the outstanding balance of developer advances under the project management services agreements is \$2,279,705, and accrued interest is \$496,045.

NOTE 6 NET POSITION

As of December 31, 2023, the CAB had net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 8,895,244
Current Portion of Long-Term Obligations	(47,319)
Noncurrent Portion of Long-Term Obligations	(21,850,262)
Bond Premium, Net	(78,195)
Net Investment in Capital Assets	<u>\$ (13,080,532)</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION (CONTINUED)

The restricted component of net position consists of assets that are restricted for use as imposed either by external parties (i.e., creditors, grantors, or contributors) or laws and regulations of other governments or laws through constitutional provisions or enabling legislation. The CAB had restricted net position as of December 31, 2023, as follows:

Restricted Net Position:	
Emergencies	\$ 37,200
Debt Service	102,006
Total Restricted Net Position	<u>\$ 139,206</u>

The CAB's unrestricted net position as of December 31, 2023 totaled (\$18,169,998). The deficit amount was a result of the CAB being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities.

NOTE 7 AGREEMENTS

Sky Ranch Community Authority Board Establishment Agreement (CABEA)

The CAB Districts exist for the purpose of designing, acquiring, constructing, installing, financing, and operating and maintaining certain street, traffic and safety controls, water, sanitation, stormwater, parks and recreation, television relay and translation, transportation, and mosquito control, all in accordance with their respective Service Plans.

Their Service Plans contemplated that the CAB Districts, with the approval of their electors would enter into the CABEA. On November 6, 2012 (for District No. 1, District No. 3, and District No. 4), and on May 6, 2012 (for District No. 5), the CAB Districts' respective qualified electors, as applicable, voted in favor of the Districts entering into the CABEA pursuant to which the CAB Districts established the CAB. District No. 3 became a party to the CABEA, and thus also became a CAB District, in 2021. District No. 4 was inactive for 2022, and it is anticipated that District No. 4 will also become a party to the CABEA in the future, at which time it would also become a CAB District. District Nos, 6, 7 and 8 (the New Districts) were organized on February 8, 2023 and are also in inactive status; it is anticipated that the New Districts will become parties to the CABEA upon returning active status.

The CABEA was amended and restated on September 18, 2018, pursuant to the Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, and further amended and restated on August 13, 2021, pursuant to the Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement, as the same may be amended from time to time (the CABEA). Pursuant to the CABEA, the CAB will furnish, operate, and plan for the Public Improvements and each CAB District shall transfer certain revenues to the CAB in order to fund the operation and maintenance costs and capital costs of the Public Improvements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

**Sky Ranch Community Authority Board Establishment Agreement (CABEA)
(Continued)**

Each CAB District has agreed, and their Service Plans provide, that the CAB will own, operate, maintain, finance, and construct Public Improvements benefiting the CAB Districts, and that the CAB Districts will contribute to the costs of construction, operation, and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.

Phase 1 and Phase 2 Facilities Funding and Acquisition Agreements with Pure Cycle Corporation

On September 18, 2018, with an effective date of November 13, 2017, the CAB entered into the Facilities Funding and Acquisition Agreement (the Phase 1 FFAA) with the Developer, pursuant to which the Developer agrees to make advances not to exceed \$30,000,000 to the CAB the purpose of funding the construction and/or acquisition of public improvements for Phase 1. The Developer agrees to make advances under the Phase 1 FFAA on a periodic basis as needed for fiscal years 2018 through 2023. The CAB agrees to repay the advances made under the Phase 1 FFAA, pursuant to the priority established in the agreement, together with accrued simple interest at the rate of 6% per annum. The Phase 1 FFAA was amended on December 17, 2020 to: (1) clarify that the Phase 1 FFAA and Shortfall Amount apply to only Phase 1 of the development, and (2) set forth the Maximum Remaining Reimbursement in the amount of \$19,495,000. The Phase 1 FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances or other available revenue.

On December 17, 2020, the CAB entered into the Phase 2 Facilities Funding and Acquisition Agreement (the Phase 2 FFAA) with the Developer, pursuant to which the Developer agrees to make advances not to exceed \$50,000,000 to the CAB the purpose of funding the construction and/or acquisition of public improvements for Phase 2. The Developer agrees to make advances under the Phase 2 FFAA on a periodic basis as needed for fiscal years 2020 through 2025. The CAB agrees to repay the advances made under the Phase 2 FFAA, pursuant to the priority established in the agreement, together with accrued simple interest at the rate of 6% per annum. The Phase 2 FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances or other available revenue.

Tri-Party Agreement

On September 18, 2018, with an effective date of November 13, 2017, the CAB, the Developer and District No. 5 entered into a Tri-Party Agreement (the Tri-Party Agreement), under which the parties acknowledged that, given the creation of the CAB, various previous operations and capital funding agreements between the Developer and District No. 5 (collectively, the Terminated District No. 5 Funding Agreements) would be terminated. The parties agreed that any amounts owed by District No. 5 to the Developer for previous developer advances under the Terminated District No. 5 Funding Agreements would become payable by the CAB to the Developer under the OFA and FFAA, respectively, as appropriate.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Capital Pledge Agreement

The CAB entered into a Capital Pledge Agreement with District No. 1, dated November 1, 2019, under which District No. 1 agrees to impose ad valorem property taxes upon all taxable property of District No. 1, and to transfer the revenues generated from such mill levy imposition, along with revenues generated from the imposition of specific ownership taxes, to the CAB for payment of principal and interest on bonds the CAB has issued or will issue, including without limitation, the CAB's Series 2019 Bonds, as well as future bond issuances by the CAB.

The CAB entered into a Capital Pledge Agreement with District No. 3, dated August 16, 2022, under which District No. 3 agreed to impose ad valorem property taxes upon all taxable property of District No. 3, and to transfer the revenues generated from such mill levy imposition, along with revenues generated from the imposition of specific ownership taxes, to the CAB for payment of principal and interest on the Series 2022 Bonds issued by the CAB, as well as other Debt Obligations of the CAB.

Service Agreements for Project Management Services

On May 2, 2018, with an effective date of November 13, 2017, the CAB and Developer entered into a Service Agreement for Project Management Services (the Original PM Agreement). On May 12, 2020, with an effective date of November 13, 2017, the CAB and Developer entered into an Amended and Restated Service Agreement for Project Management Services (the Amended PM Agreement), which supersedes the Original PM Agreement in its entirety.

Also on May 2, 2018, with an effective date of November 13, 2017, the CAB and PCY Holdings, LLC (the Property Owner) entered into a Service Agreement for Project Management Services (for Improvements at Sky Ranch) (the Original Offsite PM Agreement). On May 12, 2020, with an effective date of November 13, 2017, the CAB and Property Owner entered into an Amended and Restated Service Agreement for Project Management Services (for Improvements at Sky Ranch) (the Amended Offsite PM Agreement, and together with the Amended PM Agreement, the PM Agreements), which supersedes the Original Offsite PM Agreement in its entirety.

Under the PM Agreements, the Developer or Property Owner, as applicable, agrees to provide project management services related to the CAB's installation or construction of certain on- and offsite public improvements. The cost of the project management services under the PM Agreements are 5% of the actual construction costs of public improvements that are eligible for reimbursement by the CAB. In the event the CAB does not have sufficient revenue to pay invoices under the PM Agreements when due, the amounts owed by the CAB under the PM Agreements will constitute developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable, and shall accrue interest at the same rate set forth in the Phase 1 FFAA or Phase 2 FFAA, as applicable.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

1601 Interchange Agreements

On June 23, 2020, the CAB entered into the County/CAB/Developer Funding Agreement I-70/Watkins and I-70/Monaghan 1601 Interchange Study, Arapahoe County Project Number: C-17-007, with the County and Developer (the 1601 Interchange Agreement), under which the CAB, County and Developer agreed to share costs related to studies to identify traffic impacts resulting from development in the area (the 1601 Studies) in order to assess and create the conceptual design to construct highway interchanges to serve the area. Under the 1601 Interchange Agreement, the County agreed to contribute \$1,000,000, and the CAB agreed to contribute \$500,000 to the 1601 Studies. In the event of cost overruns or cost underruns, each party will pay an additional proportionate amount or be refunded a proportional amount.

On October 20, 2023, the CAB, Developer and County entered into a County/CAB/Developer Agreement – I-70 Monaghan (Reconstruction, Improvement, 1601 Interchange Design) – Arapahoe County Project Number: C22-15 (the Near Term Improvements Design Agreement), under which the CAB or Developer agreed to pay \$854,908 for the costs to design Near Term Interchange Improvements at the I-70 and Monaghan interchange, which consists of \$754,908 in design/consultant costs and \$100,000 for the County's review costs. The County will notify the CAB and Developer of any cost overruns, and the CAB or Developer will pay same. Cost underruns will be credited to the CAB or Developer as appropriate.

GESC Service Agreement

On March 19, 2021, following a public bid and recommendation by the CAB's independent engineer, IDES, the CAB entered into an Agreement for Filing 4 GESC Maintenance (the GESC Agreement) with the Developer, under which the Developer agreed to perform certain erosion control maintenance services for the CAB in Filing No. 4; subject to any subsequent Change Orders. In the event the CAB does not have sufficient revenue to pay invoices under the GESC Agreement when due, the amounts owed by the CAB under the GESC Agreement will constitute developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable, and shall accrue interest at the same rate set forth in the Phase 1 FFAA or Phase 2 FFAA, as applicable.

School Site IGA

On January 26, 2022, the CAB entered into an Intergovernmental Subdivision Improvements Agreement with Additional Restriction on Access Permits Subdivision Exemption Plat, Sky Ranch Academy Subdivision (the School Site IGA), with the County and PCY Holdings, LLC (the Landowner), an affiliate of the Developer, under which the CAB agreed to fund and construct certain street improvements near the school site, to be conveyed or dedicated to the County upon completion. In exchange, the County agreed not to issue access permits for the subject streets until the County accepts the street improvements.

**SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Fencing Agreement

During its April 8, 2022 Board meeting, and following a public bid and recommendation by the CAB's independent engineer, IDES, the CAB Board approved a fencing installation contract with the Developer (the Fencing Agreement). As of the date of this Audit, the Fencing Agreement has not yet been finalized; however, it is anticipated that the terms the Fencing Agreement will also provide that, in the event the CAB does not have sufficient revenue to pay invoices under the Fencing Agreement when due, the amounts owed by the CAB under the Fencing Agreement will constitute developer advances under the Phase 1 FFAA or Phase 2 FFAA, as applicable, and shall accrue interest at the same rate set forth in the Phase 1 FFAA or Phase 2 FFAA, as applicable.

Declaration of Payment in Lieu of Taxes

In July 2021, PCY Holdings, LLC executed and caused to be recorded in the real property records of the County of Arapahoe County, a Declaration of Payment in Lieu of Taxes (PILOT). The PILOT named the CAB as a beneficiary thereof. The PILOT was recorded against the real property contained within the boundaries of the CAB. The PILOT obligates any owner of real property that is exempt from taxation to pay the CAB an annual amount of revenue that would be derived from the imposition of a debt service mill levy and operating mill levy of a CAB District (as defined in the PILOT), or the imposition of the regional improvements mill levy by a RIM District (as defined in the PILOT). The PILOT revenue may be pledged to the repayment of bonded indebtedness of the CAB or the CAB Districts.

NOTE 8 RELATED PARTIES

The Developer of the property within the CAB Districts is Pure Cycle Corporation (Pure Cycle), and the title of the property is held under the Property Owner, which is a wholly owned subsidiary of Pure Cycle. The Developer has advanced funds to the CAB. Some of the members of the Board of Directors of the CAB and the CAB Districts hold direct or indirect ownership interests in Pure Cycle or the Property Owner or are otherwise associated with Pure Cycle or the Property Owner and may have conflicts of interest in dealing with the CAB and the CAB District. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the CAB District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

NOTE 9 ECONOMIC DEPENDENCY

The CAB has not yet established a revenue base sufficient to pay for certain capital expenditures. Until an independent revenue base is established, continuation of the CAB's financing of certain capital improvements are dependent upon Developer advances.

SKY RANCH COMMUNITY AUTHORITY BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to fund repayment of Developer advances. The transfer from the Regional Improvements Fund to the Capital Projects Fund was to fund repayment of Developer advances specifically associated with Regional Improvements.

NOTE 11 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the CAB 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 CAB 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.

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

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

The CAB'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

**SKY RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND (2019 BONDS)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive – (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ 20,000	\$ 70,800	\$ 82,702	\$ 11,902
Transfer from Sky Ranch District No. 1	837,739	843,304	838,207	(5,097)
Total Revenues	<u>857,739</u>	<u>914,104</u>	<u>920,909</u>	<u>6,805</u>
EXPENDITURES				
Bond Interest - 2019A	571,750	571,750	571,750	-
Bond Interest - 2019B	122,763	123,800	122,915	885
Bond Principal - 2019A	55,000	55,000	55,000	-
Bond Principal - 2019B	100,000	182,000	173,000	9,000
Paying Agent Fees	7,500	7,500	7,500	-
Contingency	9,731	9,950	-	9,950
Total Expenditures	<u>866,744</u>	<u>950,000</u>	<u>930,165</u>	<u>19,835</u>
NET CHANGES IN FUND BALANCE	(9,005)	(35,896)	(9,256)	26,640
Fund Balance - Beginning of Year	<u>1,374,005</u>	<u>1,389,396</u>	<u>1,389,396</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,365,000</u></u>	<u><u>\$ 1,353,500</u></u>	<u><u>\$ 1,380,140</u></u>	<u><u>\$ 26,640</u></u>

**SKY RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND (2022 BONDS)
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			
Net Investment Income	\$ 30,000	\$ 222,197	\$ 192,197
Transfer from Sky Ranch District No. 3	337,082	328,906	(8,176)
Total Revenues	<u>367,082</u>	<u>551,103</u>	<u>184,021</u>
EXPENDITURES			
Bond Interest - 2022A	1,342,338	1,342,338	-
Paying Agent Fees	10,000	7,000	3,000
Contingency	7,662	-	7,662
Total Expenditures	<u>1,360,000</u>	<u>1,349,338</u>	<u>10,662</u>
NET CHANGES IN FUND BALANCE	(992,918)	(798,235)	194,683
Fund Balance - Beginning of Year	<u>4,666,038</u>	<u>4,718,381</u>	<u>52,343</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,673,120</u>	<u>\$ 3,920,146</u>	<u>\$ 247,026</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 355	\$ 355
Other Revenue	-	966,101	966,101
Total Revenues	<u>-</u>	<u>966,456</u>	<u>966,456</u>
EXPENDITURES			
General:			
Fees, Permits, and Administration	50,000	61,104	(11,104)
Legal	50,000	-	50,000
Contingency	1,300,000	-	1,300,000
Capital Projects:			
Capital Outlay	10,450,000	9,231,493	1,218,507
Project Management Fee	550,000	421,921	128,079
Total Expenditures	<u>12,400,000</u>	<u>9,714,518</u>	<u>2,685,482</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,400,000)	(8,748,062)	3,651,938
OTHER FINANCING SOURCES (USES)			
Developer Advances	11,850,000	10,665,933	(1,184,067)
Developer Advances - Project Management	550,000	421,921	(128,079)
Repay Developer Advances	(500,000)	(2,010,240)	(1,510,240)
Transfers from Other Funds	500,000	908,141	408,141
Total Other Financing Sources (Uses)	<u>12,400,000</u>	<u>9,985,755</u>	<u>(2,414,245)</u>
NET CHANGES IN FUND BALANCE	-	1,237,693	1,237,693
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>(2,356,797)</u>	<u>(2,356,797)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (1,119,104)</u>	<u>\$ (1,119,104)</u>

**SKY RANCH COMMUNITY AUTHORITY BOARD
REGIONAL IMPROVEMENTS 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			
Transfer from Sky Ranch District No. 3	\$ 335,574	\$ 327,435	\$ (8,139)
Transfer from Sky Ranch District No. 5	92,609	93,099	490
Total Revenues	<u>428,183</u>	<u>420,534</u>	<u>(7,649)</u>
EXPENDITURES			
Legal	5,000	-	5,000
Contingency	38,404	-	38,404
Total Expenditures	<u>43,404</u>	<u>-</u>	<u>43,404</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	384,779	420,534	35,755
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	<u>(400,000)</u>	<u>(358,141)</u>	<u>41,859</u>
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(358,141)</u>	<u>41,859</u>
NET CHANGES IN FUND BALANCE	(15,221)	62,393	77,614
Fund Balance - Beginning of Year	<u>15,221</u>	<u>19,850</u>	<u>4,629</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 82,243</u>	<u>\$ 82,243</u>

OTHER INFORMATION

SKY RANCH COMMUNITY AUTHORITY BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

	\$11,435,000 Limited Tax Supported District No. 1 Senior Bonds Series 2019A Dated November 19, 2019 Principal Due December 1, Interest Rate of 5.00% Payable June 1 and December 1		
<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 150,000	\$ 569,000	\$ 719,000
2025	160,000	561,500	721,500
2026	180,000	553,500	733,500
2027	190,000	544,500	734,500
2028	215,000	535,000	750,000
2029	225,000	524,250	749,250
2030	250,000	513,000	763,000
2031	265,000	500,500	765,500
2032	290,000	487,250	777,250
2033	305,000	472,750	777,750
2034	335,000	457,500	792,500
2035	355,000	440,750	795,750
2036	390,000	423,000	813,000
2037	405,000	403,500	808,500
2038	445,000	383,250	828,250
2039	465,000	361,000	826,000
2040	505,000	337,750	842,750
2041	530,000	312,500	842,500
2042	575,000	286,000	861,000
2043	605,000	257,250	862,250
2044	650,000	227,000	877,000
2045	685,000	194,500	879,500
2046	735,000	160,250	895,250
2047	770,000	123,500	893,500
2048	830,000	85,000	915,000
2049	870,000	43,500	913,500
Total	\$ 11,380,000	\$ 9,757,500	\$ 21,137,500

**SKY RANCH COMMUNITY AUTHORITY BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	\$23,345,000 Limited Tax Supported District No. 3 Senior Bonds Series 2022A Dated August 16, 2022 Principal Due December 1, Interest Rate of 5.75% Payable June 1 and December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,342,338	\$ 1,342,338
2025	-	1,342,338	1,342,338
2026	-	1,342,338	1,342,338
2027	140,000	1,342,338	1,482,338
2028	245,000	1,334,288	1,579,288
2029	270,000	1,320,200	1,590,200
2030	315,000	1,304,675	1,619,675
2031	335,000	1,286,563	1,621,563
2032	385,000	1,267,300	1,652,300
2033	405,000	1,245,163	1,650,163
2034	465,000	1,221,875	1,686,875
2035	490,000	1,195,138	1,685,138
2036	550,000	1,166,963	1,716,963
2037	585,000	1,135,338	1,720,338
2038	650,000	1,101,700	1,751,700
2039	690,000	1,064,325	1,754,325
2040	765,000	1,024,650	1,789,650
2041	810,000	980,663	1,790,663
2042	890,000	934,088	1,824,088
2043	940,000	882,913	1,822,913
2044	1,035,000	828,863	1,863,863
2045	1,090,000	769,350	1,859,350
2046	1,195,000	706,675	1,901,675
2047	1,260,000	637,963	1,897,963
2048	1,370,000	565,513	1,935,513
2049	1,450,000	486,738	1,936,738
2050	1,575,000	403,363	1,978,363
2051	1,665,000	312,800	1,977,800
2052	3,775,000	217,063	3,992,063
Total	\$ 23,345,000	\$ 28,763,522	\$ 52,108,522