

Silver Leaf Metropolitan District

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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COLORADO CPA COMPANY

Independent Auditor's Report

Board of Directors
Silver Leaf Metropolitan District
Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Silver Leaf Metropolitan District (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Silver Leaf Metropolitan District as of December 31, 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado CPA Company PC

Highlands Ranch, Colorado
August 28, 2025

Silver Leaf Metropolitan District
Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Funds Total	Adjustments	Statement of Net Position/ (Deficit)
Assets						
Cash and investments - unrestricted	\$ 24,218	\$ -	\$ -	\$ 24,218	\$ -	\$ 24,218
Cash and investments - restricted	8,040	13,624	962	22,626	-	22,626
Prepaid expenses	450	-	-	450	-	450
Receivable from County Treasurer	404	776	-	1,180	-	1,180
Accounts receivable - assessments	5,635	-	-	5,635	-	5,635
Due from Developer	53,828	-	-	53,828	(53,828)	-
Property taxes receivable	91,021	153,135	-	244,156	-	244,156
Capital assets not being depreciated	-	-	-	-	3,361,608	3,361,608
Total Assets	<u>\$ 183,596</u>	<u>\$ 167,535</u>	<u>\$ 962</u>	<u>\$ 352,092</u>	3,307,780	3,659,873
Liabilities						
Accounts payable and accrued expenses	\$ 84,022	\$ -	\$ -	\$ 84,022	-	84,022
Prepaid assessments	8,553	-	-	8,553	-	8,553
Long-term liabilities:						
Accrued interest on bonds	-	-	-	-	319,780	319,780
Due within one year	-	-	-	-	-	-
Due within more than one year	-	-	-	-	3,066,000	3,066,000
Unpaid interest on bonds	-	-	-	-	-	-
Total liabilities	92,575	-	-	92,575	3,385,780	3,478,355
Deferred inflows of resources						
Deferred property taxes	91,021	153,135	-	244,156	-	244,156
Total deferred inflows of resources	91,021	153,135	-	244,156	-	244,156
Fund balance/net position/(deficit)						
Fund balances:						
Non-spendable:						
Prepaid expenses	450	-	-	450	(450)	-
Restricted:						
Emergencies	8,040	-	-	8,040	(8,040)	-
Debt service	-	14,400	-	14,400	(14,400)	-
Capital Projects	-	-	962	962	(962)	-
Unassigned	(8,490)	-	-	(8,490)	8,490	-
Total fund balances	-	14,400	962	15,361	(15,361)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 183,596</u>	<u>\$ 167,535</u>	<u>\$ 962</u>	<u>\$ 352,093</u>		
Net position/(deficit):						
Net investment in capital assets					295,608	295,608
Restricted for:						
Emergencies					8,040	8,040
Debt Service					14,400	14,400
Capital Projects					962	962
Unrestricted					(381,648)	(381,648)
Total net position/(deficit)					<u>\$ (62,638)</u>	<u>\$ (62,638)</u>

Note: the accompanying notes are an integral part of these financial statements.

Silver Leaf Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Funds Total	Adjustments	Statement of Activities
Expenditures/expenses						
Accounting and audit	\$ 17,442	\$ -	\$ -	\$ 17,442	\$ -	\$ 17,442
Administrative costs/management	32,631	-	-	32,631	-	32,631
Engineering	7,884	-	-	7,884	-	7,884
Insurance/SDA Dues	29,978	-	-	29,978	-	29,978
Irrigation maintenance	23,197	-	-	23,197	-	23,197
Landscape maintenance	93,645	-	-	93,645	-	93,645
Legal	13,847	-	-	13,847	-	13,847
Miscellaneous expense	3,824	-	-	3,824	-	3,824
Pet stations/pest control	-	-	-	-	-	-
Street maintenance/snow removal	117,613	-	-	117,613	-	117,613
Trash services	9,615	-	-	9,615	-	9,615
Utilities	21,121	-	-	21,121	-	21,121
Treasurer's fees	1,096	2,110	-	3,206	-	3,206
Paying agent fees	-	4,000	-	4,000	-	4,000
Bond interest expense	-	126,827	-	126,827	47,859	174,686
Capital assets acquired	-	-	-	-	-	-
Total expenditures/expenses	<u>371,893</u>	<u>132,937</u>	<u>-</u>	<u>504,830</u>	<u>47,859</u>	<u>552,689</u>
Program revenues						
Maintenance fees	164,654	-	-	164,654	-	164,654
Builder fees	3,352	-	-	3,352	-	3,352
Total program revenues	<u>168,005</u>	<u>-</u>	<u>-</u>	<u>168,005</u>	<u>-</u>	<u>168,005</u>
Net program income/(expense)	(203,887)	(132,937)	-	(336,825)	(47,859)	(384,684)
General revenues						
Property taxes	73,060	140,628	-	213,688	-	213,688
Specific ownership taxes	4,698	9,042	-	13,740	-	13,740
Interest income	1,849	2,245	962	5,056	-	5,056
Miscellaneous	1,695	-	-	1,695	-	1,695
Total revenues	<u>81,303</u>	<u>151,915</u>	<u>962</u>	<u>234,179</u>	<u>-</u>	<u>234,179</u>
Excess/(deficiency) of revenues over expenditures	(122,585)	18,978	962	(102,646)	(47,859)	(150,505)
Other financing sources/(uses)						
Developer advances	53,828	-	-	53,828	(53,828)	-
Net other financing sources/(uses)	<u>53,828</u>	<u>-</u>	<u>-</u>	<u>53,828</u>	<u>(53,828)</u>	<u>-</u>
Net changes in fund balances	(68,757)	18,978	962	(48,818)	48,818	
Change in net position/(deficit)					(150,505)	(150,505)
Fund balances / net position/(deficit)						
Beginning of year	68,757	(4,578)	-	64,179	23,687	87,866
End of year	<u>\$ -</u>	<u>\$ 14,400</u>	<u>\$ 962</u>	<u>\$ 15,361</u>	<u>\$ (78,000)</u>	<u>\$ (62,639)</u>

Note: the accompanying notes are an integral part of these financial statements.

Silver Leaf Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures				
Accounting and audit	\$ 13,000	\$ 13,000	\$ 17,442	\$ (4,442)
Administrative costs/management	32,400	32,400	32,631	(231)
Directors fees	1,296	1,296		1,296
Election	-	-	-	-
Engineering	7,500	7,500	7,884	(384)
Insurance/SDA Dues	28,000	28,000	29,978	(1,978)
Irrigation maintenance	4,500	4,500	23,197	(18,697)
Landscape maintenance	64,450	64,450	93,645	(29,195)
Legal	19,000	19,000	13,847	5,153
Miscellaneous expense	1,000	1,000	3,824	(2,824)
Pet stations/pest control	500	500	-	500
Street maintenance/snow removal	50,000	50,000	117,613	(67,613)
Trash services	6,050	6,050	9,615	(3,565)
Utilities	8,250	8,250	21,121	(12,871)
Treasurer's fees	1,138	1,138	1,096	42
Contingency and emergency reserve	88,335	139,808	-	139,808
Total expenditures	325,419	376,892	371,893	4,999
Program revenues				
Maintenance fees	143,040	143,040	164,654	21,614
Builder fees	8,940	8,940	3,352	(5,588)
Total program revenues	151,980	151,980	168,005	16,025
Net program income/(expense)	(173,439)	(224,912)	(203,887)	21,025
General revenues				
Property taxes	75,872	75,872	73,060	(2,812)
Specific ownership taxes	6,069	6,069	4,698	(1,371)
Interest income	-	-	1,849	1,849
Miscellaneous	-	-	1,695	1,695
Total revenues	81,941	81,941	81,303	(639)
Excess/(deficiency) of revenues over expenditures	(91,498)	(142,971)	(122,585)	20,386
Other financing sources/(uses)				
Developer advances	-	-	53,828	53,828
Net other financing sources/(uses)	-	-	53,828	53,828
Net changes in fund balances	(91,498)	(142,971)	(68,757)	74,214
Fund balances				
Beginning of year	91,498	91,498	68,757	(22,741)
End of year	\$ -	\$ (51,473)	\$ -	\$ 51,473

Note: the accompanying notes are an integral part of these financial statements.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Definition of Reporting Entity

Definition of Reporting Entity

Silver Leaf Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized pursuant to a Service Plan which was approved by the qualified electors of the District on November 5, 2013, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Jefferson County, Colorado. The District was established to 1) finance, construct and maintain street improvements and park and recreation improvements, 2) provide covenant enforcement and design review services and 3) provide for the eradication and control of mosquitos. The District's primary source of revenues is property taxes and various district fees. The District is governed by an elected Board of Directors.

As required by accounting principles generally accepted in the United States of America (“GAAP”), these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Boards (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Note 2 – Summary of Significant Accounting Policies

The accounting policies of the District conform to the accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34, “*Special Purpose Governments.*”

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. Governmental activities are normally supported by property taxes and various district fees.

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

For the most part, the effect of inter-fund activity has been eliminated from these financial statements.

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

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. Property taxes are recognized as revenues in the year for which they are levied and collected.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be *available* if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities and other assets.

Budgets

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The total 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.

Subsequent to year-end, the District amended the General Fund appropriations due to higher-than-expected operating costs.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments as of December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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

Accounts Receivable - Assessments

Accounts receivable - assessments represent fees due from homeowners and builders which support maintenance of common areas within the District. All amounts are deemed collectible as such fees constitute a perpetual lien against the property served

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available or are collected.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements that will be conveyed to other governmental entities are classified as construction in progress, are not included in the calculation of net investment in capital assets and are not depreciated. Land and certain landscaping improvements are not depreciated.

Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Bond Issuance Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the period incurred. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Fund balances for governmental funds are 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: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all these components.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaids and inventory) or is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision-making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position (continued)

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

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

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

Property Taxes

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

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

Note 3 – Cash and Investments

Cash and investments as of December 31, 2024, are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 24,218
Cash and investments - restricted	<u>22,626</u>
Total	<u><u>\$ 46,844</u></u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 24,127
Investments held in trust	<u>22,717</u>
Total	<u><u>\$ 46,844</u></u>

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Cash and Investments (continued)

Cash Deposits

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

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2024, the District’s cash deposits had a bank balance equal to its carrying balance of \$24,127.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, none of the District’s bank balance was exposed to custodial credit risk.

Investments

Investment Policies

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

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 or sinking fund requirements. Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- * Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Cash and Investments (continued)

Investments (continued)

Concentration Risk and Custodial Risk – Investments

Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investments in COLOTRUST are not required to be categorized within the fair value hierarchy and are calculated using the net asset value (“NAV”) method.

Summary of Investments

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST PLUS+	Weighted Average Under 60 Days	\$ 1,672
Morgan Stanley Institutional Liquidity Fund	Weighted Average Under 32 Days	21,045
Total investments		<u>\$ 22,717</u>

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios: COLOTRUST Prime, COLOTRUST PLUS+, and COLOTRUST Edge. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the NAV method. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Cash and Investments (continued)

Investments (continued)

COLOTRUST (continued)

COLOTRUST PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. The portfolio may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. It is rated AAAM by Standard and Poor's. Purchases and redemptions are available daily at a NAV of \$1.00. There are no unfunded commitments and there is no redemption notice period.

Morgan Stanley Institutional Liquidity Fund

The District's funds that were included in the trust accounts at UMB Bank were invested in the Morgan Stanley Institutional Liquidity Fund ("Portfolio"). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 32 days or less.

Restricted Cash and Investments

As of December 31, 2024, portions of cash and investments were restricted for emergency reserves, capital projects and debt service.

Note 4 – Capital Assets

An analysis of the District's changes in capital assets for the year ended December 31, 2024, follows:

<u>Governmental activities</u>	<u>Balances 01/01/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 12/31/2024</u>
Capital assets not being depreciated:				
Construction in process	\$ 3,361,608	\$ -	\$ -	\$ 3,361,608
Total capital assets not being depreciated	<u>3,361,608</u>	<u>-</u>	<u>-</u>	<u>3,361,608</u>
Government-type assets, net	<u>\$ 3,361,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,361,608</u>

The District will convey certain capital assets to other governments, owners' association, or appropriate jurisdictions. Therefore, no provision for depreciation is recognized related to such assets.

Depreciation in the amount of \$0 was charged to the general governmental function during the year.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Long-Term Obligations

An analysis of changes in the District’s long-term obligations for the year ended December 31, 2024, follows:

Governmental activities:	Balances 01/01/2024	Additions	Deletions	Balances 12/31/2024	Current Portion
General obligation bonds:					
Series 2021A(3) General obligation limited tax bonds	\$ 3,066,000	\$ -	\$ -	\$ 3,066,000	\$ -
Total general obligation bonds	3,066,000	-	-	3,066,000	-
Developer advances:					
2021 FARA	-	-	-	-	-
Accrued interest	-	-	-	-	-
Total developer advance	-	-	-	-	-
Governmental activities, total	<u>\$ 3,066,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,066,000</u>	<u>\$ -</u>

General obligation bonds issued for governmental activities are liquidated by the debt service fund.

\$3,066,000 General Obligation Limited Tax Bonds, Series 2021A(3)

On May 12, 2021, the District issued \$3,066,000 of General Obligation Limited Tax Bonds, Series 2021A(3) (“Series 2021A(3) Bonds”) for the purpose of financing or reimbursing a portion of the costs of acquiring, constructing and/or installing certain public infrastructure to serve the District and paying for the costs of issuance of the Series 2021A(3) Bonds. The Series 2021A(3) Bonds bear interest at 5.250% payable annually on December 1 to the extent of Pledged Revenue available commencing on December 1, 2021, and mature on December 1, 2050. The 2021A(3) Bonds are subject to early redemption at the option of the District commencing June 1, 2026, with a redemption premium until June 1, 2029. The 2021A(3) Bonds are limited tax “cash flow” general obligations of the District secured by and payable solely from the Pledged Revenue, consisting of moneys derived by the District from the following sources: the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and any other moneys determined by the District.

Events of Default as defined in the Series 2021A(3) Bond Indenture are 1) the failure or refusal of the District to impose or apply the Required Mill levy as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2021A(3) Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2021A(3) Bonds is not an available remedy for an Event of Default.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Long-Term Obligations (continued)

Future Maturity

Because of the uncertainty of timing of payments under the Series 2021A(3) Bonds no related schedule of expected principal and interest payments is presented.

2021 Facilities Acquisition and Reimbursement Agreement

During 2021, the District entered into a Facilities Acquisition and Reimbursement Agreement (“2021 FARA”) with Skyland Meadows Developments, Ltd. (“Skyland”) and Boulder Creek Silver Leaf, LLC (“Boulder Creek”; collectively, the “Developer”), which supersedes the prior 2013 Facilities Funding and Acquisition Agreement between the parties. The 2021 FARA outlines the terms and conditions for the construction of public improvements by the Developer, and conveyance of those improvements to the District. The District will acquire from the Developer public improvements verified by the District’s engineer. Simple interest shall accrue on the verified costs at a rate of 7% per annum until paid. The obligations under the 2021 FARA are subject to annual appropriation and shall not be deemed to be a multiple-fiscal-year obligation for the purpose of TABOR (see Note 10). The District’s obligations to reimburse Boulder Creek and Skyland shall terminate automatically and be of no further force or effect upon the occurrence of (a) the voluntary dissolution, liquidation, winding up, or cessation to carry on business activities as a going concern by both Boulder Creek and Skyland; (b) administrative dissolution of both Boulder Creek and Skyland that is not remedied or cured within sixty (60) days of the effective date of such dissolution or other process; or (c) the initiation of bankruptcy, receivership or similar process or actions with regard to both Boulder Creek and Skyland.

Debt authorization

On November 5, 2013, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$12,000,000. After the issuance of the 2021A(3) Bonds, the remaining authorization is \$8,934,000. Per the District’s Service Plan, the District cannot issue debt in excess of \$4,000,000. \$934,000 of the Service Plan authorization remains as of December 31, 2024.

Note 6 – Maintenance and Builder Fees

Pursuant to a resolution of the District, approved by the Board and effective February 16, 2021, the District imposed a monthly operations and maintenance fee on each single-family lot within the Development. The Fee Resolution provides that the operations and maintenance fee shall be imposed in the amount of \$298 for all residential lots for which a certificate of occupancy has been issued by the County and in the amount of \$74.50 for all residential lots prior to the issuance of a certificate of occupancy by the County. The Operations and Maintenance Fee becomes due and payable by the owner of each lot upon the first day of each month. The Operations and Maintenance Fee Resolution states that the Operations and Maintenance Fee shall constitute a statutory and perpetual charge and lien upon the subject property pursuant to Section 32-1- 1001(1)(j), C.R.S., from the date the same becomes due and payable until paid and the lien shall be perpetual in nature, shall run with the land and may be foreclosed by the District in the manner provided by the laws of the State.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Fund Balances and Net Position/(Deficit)

Fund Balances

The District’s total fund balance consists of the following components:

Fund balance - non-spendable:	
Prepaid expenses	\$ 450
Fund balance - restricted for:	
Emergencies (TABOR)	8,040
Debt service	14,400
Capital projects	<u>962</u>
Total restricted fund balance	23,401
Fund balance - unassigned	<u>(8,490)</u>
Total fund balance	<u><u>\$ 15,361</u></u>

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). As of December 31, 2024, the restricted portion of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund is restricted for the payment of the debt service costs associated with the District’s long-term obligations (see Note 5).

The unassigned fund balance represents the residual portion of fund balance that does not meet any of the above-described criteria and is available for general use by the District.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Fund Balances and Net Position/(Deficit) (continued)

Net Position/(Deficit)

The District's net position/(deficit) consists of the following components:

Net investment in capital assets:

Capital assets, net	\$ 3,361,608
Long-term obligations	<u>(3,066,000)</u>
Net investment in capital assets	295,608

Net position - restricted for:

Emergencies (TABOR)	8,040
Debt service	14,400
Capital projects	<u>962</u>
Total restricted net position	23,401

Net position/(deficit) - unrestricted (381,648)

Total net position/(deficit) \$ (62,638)

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.

The restricted components of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Note 8 – Related Parties

Some of the Board members are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

The Developer has agreed to fund certain General Fund operating costs in the event of a deficit fund position. During 2024, the District's General Fund required funding of \$53,828 to cover operating costs, which is expected to be supported by the Developer should future tax and maintenance fee revenues fail to alleviate the deficit. This amount is reported as a Developer receivable as of December 31, 2024.

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Risk Management

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the “Pool”) as of December 31, 2024. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property 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 10 – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

On November 5, 2023, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

Silver Leaf Metropolitan District
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 11 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position

The governmental funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Receivable from Developer	\$ (53,828)
Capital assets, net	(3,361,608)
Accrued and unpaid interest on bonds	319,780
Bonds payable	3,066,000
Total	<u>\$ (29,656)</u>

- Capital improvements used in governmental activities are not financial resources; therefore, they are not reported in the funds.
- Long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances are not due and payable in the current period and, therefore, are not in the funds.
- Bonds payable, developer advances payable and the related accrued interest amounts are reflected in the Statement of Net Position.

Explanation of differences between the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest	\$ (47,859)
Developer advances	53,828
Total	<u>\$ 5,969</u>

- Governmental funds report bond proceeds as other financing sources and repayments as expenditures. However, the bonds are reflected as a liability in the government-wide financial statements, and proceeds/repayments are reported as changes to the liability.
Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the government-wide Statement of Activities.
- Governmental funds report capital outlays as expenditures; however, in the government-wide Statement of Activities, the costs of those assets are held as assets pending transfer to other entities or depreciated over their useful lives.

Supplemental Information

Silver Leaf Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures			
Treasurer's fees	\$ 2,127	\$ 2,110	\$ 17
Paying agent fees	8,000	4,000	4,000
Bond principal	-	-	-
Bond interest expense	143,000	126,827	16,173
Contingency	-	-	-
Total expenditures	<u>153,127</u>	<u>132,937</u>	<u>20,190</u>
General revenues			
Property taxes	141,820	140,628	(1,192)
Specific ownership taxes	11,346	9,042	(2,304)
Interest income	-	2,245	2,245
Total revenues	<u>153,166</u>	<u>151,915</u>	<u>(1,251)</u>
Excess/(deficiency) of revenues over expenditures and net change in fund balance			
	39	18,978	18,939
Fund balances			
Beginning of year	314	(4,578)	(4,892)
End of year	<u>\$ 353</u>	<u>\$ 14,400</u>	<u>\$ 14,047</u>

Note: The accompanying notes are an integral part of these financial statements.

Silver Leaf Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures			
Capital assets acquired	\$ -	\$ -	\$ -
Contingency	-	-	-
Total expenditures	-	-	-
General revenues			
Interest income	-	962	962
Total revenues	-	962	962
Excess/(deficiency) of revenues over expenditures and net changes in fund balance			
	-	962	962
Fund balances			
Beginning of year	-	-	-
End of year	\$ -	\$ 962	\$ 962

Note: The accompanying notes are an integral part of these financial statements.

Silver Leaf Metropolitan District
 Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
 December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General Fund	Mills Levied for Debt Service Fund	Total Property Taxes:		Percent Collected to Levied
				Levied	Collected	
2018	\$ 347,322	77.000	0.000	\$ 26,744	\$ 26,744	100.00%
2019	\$ 328,220	77.000	0.000	\$ 25,273	\$ 24,779	98.05%
2020	\$ 713,546	77.000	0.000	\$ 54,943	\$ 54,944	100.00%
2021	\$ 772,805	77.000	0.000	\$ 59,506	\$ 59,506	100.00%
2023	\$ 1,491,514	27.000	50.000	\$ 114,847	\$ 114,847	100.00%
2023	\$ 1,700,061	27.000	50.468	\$ 131,700	\$ 131,701	100.00%
2024	\$ 2,634,257	28.802	53.837	\$ 217,692	\$ 213,688	98.16%
Estimated for calendar year ending December 31, 2025:						
	\$ 2,844,417	32.000	53.837	\$ 244,156		

Note: Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year of levy. Information received from the County Treasurer does not permit identification of specific year assessment.

Note: The accompanying notes are an integral part of these financial statements.