

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**SECOND CREEK RANCH METROPOLITAN DISTRICT
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Board of Directors
Second Creek Ranch Metropolitan District
Adams County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Second Creek Ranch Metropolitan District (the “District”), as of and for the year ended December 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Second Creek Ranch Metropolitan District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund, reserve fund, carriage house fund, and active adult clubhouse fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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



Wipfli LLP
Denver, Colorado

October 1, 2025

BASIC FINANCIAL STATEMENTS

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

| | Governmental Activities |
|---------------------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 95,209 |
| Cash and Investments - Restricted | 6,066,123 |
| Accounts Receivable | 84,395 |
| Due from Other Districts | 15,902 |
| Prepaid Expenses | 2,137 |
| Property Taxes Receivable | 2,520 |
| Capital Assets, Not Being Depreciated | 30,711,920 |
| Total Assets | 36,978,233 |
| LIABILITIES | |
| Accounts Payable | 2,805,182 |
| Deferred revenue | 18,034 |
| PIFA Deposits | 4,818,875 |
| Retainage Payable | 641,768 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 22,681,530 |
| Total Liabilities | 30,965,389 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | 2,520 |
| Total Deferred Inflows of Resources | 2,520 |
| NET POSITION | |
| Restricted for: | |
| Emergency Reserves | 46,900 |
| Unrestricted | 5,963,424 |
| Total Net Position | \$ 6,010,324 |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|-------------------------|--|--|----------------------------|---|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| FUNCTIONS/PROGRAMS | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 2,859,440 | \$ 634,226 | \$ 924,652 | \$ 1,512,200 | \$ 211,638 |
| Interest and Related Costs on Long-Term Debt | 871,762 | - | - | - | (871,762) |
| Total Governmental Activities | \$ 3,731,202 | \$ 634,226 | \$ 924,652 | \$ 1,512,200 | (660,124) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 2,181 |
| Specific Ownership Taxes | | | | | 155 |
| Net Investment Income | | | | | 7,172 |
| Other Revenue | | | | | 1,730 |
| Total General Revenues | | | | | 11,238 |
| CHANGE IN NET POSITION | | | | | (648,886) |
| Net Position - Beginning of Year | | | | | 6,659,210 |
| NET POSITION - END OF YEAR | | | | | \$ 6,010,324 |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

| | General | Reserve | Carriage House | Active Adult Clubhouse | PIFA | Capital Projects | Total Governmental Funds |
|--|-------------------|------------------|-------------------|---------------------------|---------------------|---------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and Investments | \$ 95,209 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 95,209 |
| Cash and Investments - Restricted | 46,900 | 22,919 | 136,311 | - | 4,818,875 | 1,041,118 | 6,066,123 |
| Accounts Receivable | - | 13,090 | 61,430 | 9,875 | - | - | 84,395 |
| Receivable from County Treasurer | 27 | - | - | - | - | - | 27 |
| Prepaid Expenses | 2,137 | - | - | - | - | - | 2,137 |
| Property Taxes Receivable | 2,520 | - | - | - | - | - | 2,520 |
| Due from Other Districts | 15,902 | - | - | - | - | - | 15,902 |
| | <u>\$ 162,695</u> | <u>\$ 36,009</u> | <u>\$ 197,741</u> | <u>\$ 9,875</u> | <u>\$ 4,818,875</u> | <u>\$ 1,041,118</u> | <u>\$ 6,266,313</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 296,931 | \$ 153,313 | \$ 84,378 | \$ 177,819 | \$ - | \$ 2,092,741 | \$ 2,805,182 |
| Retainage Payable | - | - | - | - | - | 641,768 | 641,768 |
| Deferred revenue | - | 5,953 | 7,590 | 4,491 | - | - | 18,034 |
| PIFA Deposits | - | - | - | - | 4,818,875 | - | 4,818,875 |
| Total Liabilities | <u>296,931</u> | <u>159,266</u> | <u>91,968</u> | <u>182,310</u> | <u>4,818,875</u> | <u>2,734,509</u> | <u>8,283,859</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Property Tax Revenue | 2,520 | - | - | - | - | - | 2,520 |
| Total Deferred Inflows of Resources | <u>2,520</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,520</u> |
| FUND BALANCES (Deficits) | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Expenses | 2,137 | - | - | - | - | - | 2,137 |
| Restricted for: | | | | | | | |
| Emergency Reserves | 27,900 | 4,500 | 11,100 | 3,400 | - | - | 46,900 |
| Assigned to: | | | | | | | |
| Carriage House Operations | - | - | 94,673 | - | - | - | 94,673 |
| Unassigned: | | | | | | | |
| General Government | (166,793) | (127,757) | - | (175,835) | - | (1,693,391) | (2,163,776) |
| Total Fund Balances (Deficits) | <u>(136,756)</u> | <u>(123,257)</u> | <u>105,773</u> | <u>(172,435)</u> | <u>-</u> | <u>(1,693,391)</u> | <u>(2,020,066)</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | <u>\$ 162,695</u> | <u>\$ 36,009</u> | <u>\$ 197,741</u> | <u>\$ 9,875</u> | <u>\$ 4,818,875</u> | <u>\$ 1,041,118</u> | |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | | | | | | |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | | | | |
| Capital Assets | | | | | | | 30,711,920 |
| Long-term liabilities, including Developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | | | |
| Developer Advance Payable | | | | | | | (21,569,154) |
| Developer Advance Payable - Accrued Interest | | | | | | | <u>(1,112,376)</u> |
| Net Position of Governmental Activities | | | | | | | <u>\$ 6,010,324</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

| | General | Reserve | Carriage House | Active Adult Clubhouse | PIFA | Capital Projects | Total Governmental Funds |
|---|---------------------|---------------------|-------------------|---------------------------|-------------|-----------------------|--------------------------------|
| REVENUES | | | | | | | |
| Property Taxes | \$ 2,181 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,181 |
| Specific Ownership Tax | 155 | - | - | - | - | - | 155 |
| Intergovernmental Revenues | 924,652 | - | - | - | - | 1,005,528 | 1,930,180 |
| Reimbursed Expenditures | - | - | - | - | - | 506,672 | 506,672 |
| Design Fees | 785 | - | - | - | - | - | 785 |
| Service Fees | - | 150,720 | 369,020 | 113,701 | - | - | 633,441 |
| Other Revenue | 195 | 455 | - | 1,080 | - | - | 1,730 |
| Net Investment Income | 1,678 | - | - | - | - | 5,494 | 7,172 |
| Total Revenues | <u>929,646</u> | <u>151,175</u> | <u>369,020</u> | <u>114,781</u> | <u>-</u> | <u>1,517,694</u> | <u>3,082,316</u> |
| EXPENDITURES | | | | | | | |
| General | 1,203,598 | - | - | - | - | - | 1,203,598 |
| Reserve | - | 508,544 | - | - | - | - | 508,544 |
| Carriage House | - | - | 326,223 | - | - | - | 326,223 |
| Clubhouse Events | - | - | - | 668,802 | - | - | 668,802 |
| Capital Projects | - | - | - | - | - | 17,030,711 | 17,030,711 |
| Total Expenditures | <u>1,203,598</u> | <u>508,544</u> | <u>326,223</u> | <u>668,802</u> | <u>-</u> | <u>17,030,711</u> | <u>19,737,878</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (273,952) | (357,369) | 42,797 | (554,021) | - | (15,513,017) | (16,655,562) |
| OTHER FINANCING SOURCES | | | | | | | |
| Developer Advance | 125,987 | 245,985 | - | 439,445 | - | 13,705,204 | 14,516,621 |
| Total Other Financing Sources | <u>125,987</u> | <u>245,985</u> | <u>-</u> | <u>439,445</u> | <u>-</u> | <u>13,705,204</u> | <u>14,516,621</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | (147,965) | (111,384) | 42,797 | (114,576) | - | (1,807,813) | (2,138,941) |
| Fund Balances (Deficits) - Beginning of Year | 11,209 | (11,873) | 62,976 | (57,859) | - | 114,422 | 118,875 |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ (136,756)</u> | <u>\$ (123,257)</u> | <u>\$ 105,773</u> | <u>\$ (172,435)</u> | <u>\$ -</u> | <u>\$ (1,693,391)</u> | <u>\$ (2,020,066)</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund balances - Governmental Funds \$ (2,138,941)

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 16,878,438

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

Developer Advance (14,516,621)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advance - Change in Liability (871,762)

Change in Net Position of Governmental Activities \$ (648,886)

**SECOND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Property Taxes | \$ 2,181 | \$ 2,248 | \$ 2,181 | \$ (67) |
| Specific Ownership Taxes | 153 | 53 | 155 | 102 |
| Design Fees | - | 785 | 785 | - |
| Intergovernmental Revenues | 919,435 | 924,721 | 924,652 | (69) |
| Other Revenue | - | 195 | 195 | - |
| Net Investment Income | 1,200 | 1,678 | 1,678 | - |
| Total Revenues | <u>922,969</u> | <u>929,680</u> | <u>929,646</u> | <u>(34)</u> |
| EXPENDITURES | | | | |
| Accounting | 120,000 | 157,842 | 160,425 | (2,583) |
| Architectural Control/Community Services | 40,000 | 63,603 | 63,603 | - |
| Audit | 7,000 | 13,400 | 13,400 | - |
| Contingency | 8,650 | 25,000 | - | 25,000 |
| County Treasurer's Fee | 50 | 27 | 34 | (7) |
| Covenant Enforcement | 40,000 | 32,173 | 32,173 | - |
| Covenant Control - Collections | 5,000 | 1,450 | 1,450 | - |
| Covenant Control - Legal | 10,000 | 11,226 | 11,226 | - |
| Design Fees | 1,500 | - | - | - |
| Directors Fees | 4,800 | 200 | 200 | - |
| District Management | 140,000 | 141,007 | 141,007 | - |
| Dues and Licenses | 4,000 | 2,411 | 2,411 | - |
| Election | - | 991 | 991 | - |
| Electricity | - | - | 4,679 | (4,679) |
| Events | 5,000 | - | - | - |
| Fence and Sign Maintenance | 5,000 | - | - | - |
| Infrastructure Audit | 3,000 | - | - | - |
| Insurance | 16,500 | 78,361 | 78,361 | - |
| Irrigation Repairs | 10,000 | 9,635 | 9,635 | - |
| Landscape Repairs | 2,500 | - | - | - |
| Landscape Maintenance - Common Areas | 165,000 | 168,847 | 168,847 | - |
| Landscape Maintenance - Ponds | 10,000 | 819 | 819 | - |
| Legal | 150,000 | 234,785 | 234,785 | - |
| Miscellaneous | 1,500 | 2,008 | 2,010 | (2) |
| Repairs and Maintenance | 5,000 | 7,245 | 7,245 | - |
| Reserve Study | 6,500 | - | - | - |
| Payroll Taxes | - | 15 | 15 | - |
| Plant Material Replacement - Common Areas | 25,000 | - | - | - |
| Ponds - Scada | 5,000 | - | - | - |
| Ponds - Utilities - Electric | 5,000 | - | - | - |
| Ponds - Chemical Water Maintenance | 27,500 | 16,290 | 16,290 | - |
| Ponds - Water System Maintenance | 5,000 | 725 | 725 | - |
| Ponds - Water Well Maintenance | 5,000 | - | - | - |
| Snow Removal | 50,000 | 11,529 | 12,214 | (685) |
| Street Repairs and Maintenance | 5,000 | - | - | - |
| Utilities - Electricity | 1,000 | 4,727 | 4,727 | - |
| Utilities - Irrigation | 85,000 | 215,834 | 215,834 | - |
| Utilities - Storm Drainage | 1,000 | - | - | - |
| Utilities Locates | 500 | 144 | 144 | - |
| Water | - | - | 6,278 | (6,278) |
| Water Rights | 30,000 | 1,920 | 6,650 | (4,730) |
| Website management | 15,000 | 7,420 | 7,420 | - |
| Total Expenditures | <u>1,021,000</u> | <u>1,209,634</u> | <u>1,203,598</u> | <u>6,036</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|---------------------|---|
| | Original | Final | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (98,031) | \$ (279,954) | \$ (273,952) | \$ 6,002 |
| OTHER FINANCING SOURCES | | | | |
| Developer Advance | 113,899 | 293,891 | 125,987 | (167,904) |
| Total Other Financing Sources | <u>113,899</u> | <u>293,891</u> | <u>125,987</u> | <u>(167,904)</u> |
| NET CHANGE IN FUND BALANCE | 15,868 | 13,937 | (147,965) | (161,902) |
| Fund Balance - Beginning of Year | <u>11,832</u> | <u>14,063</u> | <u>11,209</u> | <u>(2,854)</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 27,700</u> | <u>\$ 28,000</u> | <u>\$ (136,756)</u> | <u>\$ (164,756)</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
RESERVE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|---------------------|---|
| REVENUES | | | |
| Service Fees | \$ 186,030 | \$ 150,720 | \$ (35,310) |
| Other Revenue | - | 455 | 455 |
| Total Revenues | <u>186,030</u> | <u>151,175</u> | <u>(34,855)</u> |
| EXPENDITURES | | | |
| Accounting | 15,000 | 17,224 | (2,224) |
| Billing | 30,000 | 37,864 | (7,864) |
| District Management | 80,000 | 111,257 | (31,257) |
| Legal | 20,000 | 42,743 | (22,743) |
| Miscellaneous | 5,000 | 580 | 4,420 |
| Reserve Study | 6,500 | - | 6,500 |
| Irrigation Repairs | 10,000 | 19,544 | (9,544) |
| Landscape Maintenance - Front Yards | 95,000 | 49,372 | 45,628 |
| Gate Maintenance and Repairs | 12,000 | 14,300 | (2,300) |
| Gate/Guardhouse DSL | 2,000 | 1,247 | 753 |
| Trash Removal | 30,926 | 23,740 | 7,186 |
| Other Maintenance and Repairs | 5,000 | 10,595 | (5,595) |
| Pest Control | - | 3,622 | (3,622) |
| Plant Material and Tree Replacement | 17,000 | 6,401 | 10,599 |
| Snow Removal - Driveways | 125,000 | 106,972 | 18,028 |
| Snow Removal - Streets | 40,000 | 62,920 | (22,920) |
| Entrance Operations | 20,000 | - | 20,000 |
| Utilities - Electricity | - | 55 | (55) |
| Utilities - Phone/Internet/Cable | - | 108 | (108) |
| Contingency | 10,500 | - | 10,500 |
| Total Expenditures | <u>523,926</u> | <u>508,544</u> | <u>15,382</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (337,896) | (357,369) | (19,473) |
| OTHER FINANCING SOURCES | | | |
| Developer Advance | 339,096 | 245,985 | (93,111) |
| Total Other Financing Sources | <u>339,096</u> | <u>245,985</u> | <u>(93,111)</u> |
| NET CHANGE IN FUND BALANCE | 1,200 | (111,384) | (112,584) |
| Fund Balance (Deficit) - Beginning of Year | <u>4,400</u> | <u>(11,873)</u> | <u>(16,273)</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 5,600</u> | <u>\$ (123,257)</u> | <u>\$ (128,857)</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
CARRIAGE HOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|------------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Service Fees | \$ 354,000 | \$ 369,020 | \$ 15,020 |
| Total Revenues | <u>354,000</u> | <u>369,020</u> | <u>15,020</u> |
| EXPENDITURES | | | |
| Accounting | 13,000 | 10,620 | 2,380 |
| Billing | 30,000 | 30,099 | (99) |
| District Management | 25,000 | 25,600 | (600) |
| Fee Collections | 5,000 | 399 | 4,601 |
| Miscellaneous | 1,000 | 371 | 629 |
| Covenant Control | 2,500 | 507 | 1,993 |
| Fencing Repairs | 5,000 | - | 5,000 |
| Irrigation Repairs | 15,000 | 11,766 | 3,234 |
| Landscape Maintenance - Front Yards | 150,000 | 187,034 | (37,034) |
| Plant Material Replacement | 15,000 | - | 15,000 |
| Utilities - Electricity | - | 507 | (507) |
| Winter Watering | 2,000 | - | 2,000 |
| Other Maintenance and Repairs | 5,000 | 425 | 4,575 |
| Snow Removal | 85,000 | 58,895 | 26,105 |
| Contingency | 2,500 | - | 2,500 |
| Total Expenditures | <u>356,000</u> | <u>326,223</u> | <u>29,777</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,000) | 42,797 | 44,797 |
| Fund Balance - Beginning of Year | <u>9,000</u> | <u>62,976</u> | <u>53,976</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 10,700</u></u> | <u><u>\$ 105,773</u></u> | <u><u>\$ 95,073</u></u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
ACTIVE ADULT CLUBHOUSE FUND – STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|---------------------|---|
| REVENUES | | | |
| Service Fees | \$ 124,020 | \$ 113,701 | \$ (10,319) |
| Other Revenue | - | 1,080 | 1,080 |
| Total Revenues | <u>124,020</u> | <u>114,781</u> | <u>(10,319)</u> |
| EXPENDITURES | | | |
| Utilities - Electricity | 50,000 | 36,920 | 13,080 |
| Utilities - Gas | 20,000 | 25,364 | (5,364) |
| Utilities - Water/Storm/Sewer | 10,000 | 123,444 | (113,444) |
| Utilities - Trash Removal | 5,000 | 1,230 | 3,770 |
| Utilities - Phone/Internet/Cable | 15,000 | 11,716 | 3,284 |
| Fitness Equipment - Maintenance | 18,000 | 310 | 17,690 |
| Fitness Equipment - Replacement | 2,500 | - | 2,500 |
| Fitness Program | 3,000 | - | 3,000 |
| Lifestyle Concierge | 290,000 | 269,912 | 20,088 |
| Part-Time/Seasonal Associates | 38,000 | 41,991 | (3,991) |
| Events/Activities Programming | 62,000 | 28,054 | 33,946 |
| Community Teams Support | 6,000 | 55 | 5,945 |
| Member Website/Program Licenses | 5,000 | 1,679 | 3,321 |
| Meeting Supplies | 2,000 | - | 2,000 |
| Miscellaneous | 1,000 | 2,872 | (1,872) |
| General Office Supplies/Postage | 600 | 543 | 57 |
| Office Equipment/Supplies/Repair | 600 | - | 600 |
| Cleaning Services | 24,000 | 27,515 | (3,515) |
| Security/Fire Alarm Monitoring | 1,200 | 720 | 480 |
| Facilities - HVAC | 5,000 | - | 5,000 |
| Facilities - Pool | 65,000 | 53,498 | 11,502 |
| Facilities - Pest Control | 3,600 | 4,160 | (560) |
| Facilities - Landscape Maintenance | 28,500 | - | 28,500 |
| Facilities - Building Repairs | 10,000 | 38,819 | (28,819) |
| Facilities - Snow Removal | 15,000 | - | 15,000 |
| Total Expenditures | <u>681,000</u> | <u>668,802</u> | <u>12,198</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (556,980) | (554,021) | 2,959 |
| OTHER FINANCING SOURCES | | | |
| Developer Advance | 557,236 | 439,445 | (117,791) |
| Total Other Financing Sources | <u>557,236</u> | <u>439,445</u> | <u>(117,791)</u> |
| NET CHANGE IN FUND BALANCE | 256 | (114,576) | (114,832) |
| Fund Balance (Deficit) - Beginning of Year | <u>3,544</u> | <u>(57,859)</u> | <u>(61,403)</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 3,800</u> | <u>\$ (172,435)</u> | <u>\$ (176,235)</u> |

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

The District is not a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The PIFA Fund is used to account for fees collected from developers to be used for the funding of public improvements by the City or the District or disbursed to the developers after the completion of the applicable public improvements, as applicable.

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

Budgets

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

The District amended its annual budget twice for the year ended December 31, 2024.

Pooled Cash and Investments

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

Property Taxes

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service and Amenity Fees

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

Deferred Inflows of Resources

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

Deficits

The General, Reserve, Active Adult Clubhouse, and Capital Project Funds reported deficits in the fund financial statements as of December 31, 2024. The deficits will be eliminated with the receipt of funds advanced by Clayton Properties Group II, Inc. d/b/a Oakwood Homes (the Developer) in 2025.

Equity

Net Position

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

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

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

| | |
|-----------------------------------|----------------------------|
| Cash and Investments | \$ 95,209 |
| Cash and Investments – Restricted | <u>6,066,123</u> |
| Total Cash and Investments | <u><u>\$ 6,161,332</u></u> |

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

| | |
|--------------------------------------|----------------------------|
| Deposits with Financial Institutions | \$ 5,088,009 |
| Investments | <u>1,073,323</u> |
| Total Cash and Investments | <u><u>\$ 6,161,332</u></u> |

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

On December 31, 2024, the District's cash deposits had a bank balance and a carrying balance of \$5,088,009.

Investments

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

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

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

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------------------|---------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted-Average Under 60 Days | \$ 32,205 |
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | 1,041,118 |
| | Total | <u>\$ 1,073,323</u> |

CSAFE

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

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

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

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

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.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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

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

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

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in capital assets for the year ended December 31, 2024:

| | Balance at December 31, 2023 | Additions | Retirements | Balance at December 31, 2024 |
|--|------------------------------------|----------------------|-------------|------------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | \$ 13,833,482 | \$ 16,878,438 | \$ - | \$ 30,711,920 |
| Total Capital Assets, Not Being Depreciated | <u>13,833,482</u> | <u>16,878,438</u> | <u>-</u> | <u>30,711,920</u> |
| Governmental Activities - Capital Assets, Net | <u>\$ 13,833,482</u> | <u>\$ 16,878,438</u> | <u>\$ -</u> | <u>\$ 30,711,920</u> |

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2024:

| | Balance - December 31, 2023 | Additions | Reductions | Balance - December 31, 2024 | Due Within One Year |
|--|-----------------------------------|----------------------|-------------|-----------------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Developer Advance | \$ 7,052,533 | \$ 14,516,621 | \$ - | \$ 21,569,154 | \$ - |
| Accrued Interest on Developer Advance | 240,614 | 871,762 | - | 1,112,376 | - |
| Total Bonds Payable | <u>\$ 7,293,147</u> | <u>\$ 15,388,383</u> | <u>\$ -</u> | <u>\$ 22,681,530</u> | <u>\$ -</u> |

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

Developer Advances

Advance and Reimbursement Agreement (Operations and Maintenance Expenses)

On February 23, 2023, the District entered into an Advance and Reimbursement Agreement (Operations and Maintenance Expenses) to repay advances made by the Developer for operations costs. The District agreed to repay the Developer for such operations advances plus accrued interest at the rate of 8%. Under the agreement, the previous operations advances were acknowledged. As of December 31, 2024, outstanding advances under the agreement totaled \$2,556,987 and accrued interest totaled \$347,984.

Advance and Reimbursement Agreement (Capital Expenses)

On May 26, 2023, the District entered into an Advance and Reimbursement Agreement for District Funded Public Improvement Contracts (Capital Expenses) with the Developer (Construction Agreement). The District currently has insufficient funds to finance the construction of certain public improvements that the District entered into via contracts for construction. The Developer determined to advance funds directly to the District for payment of the construction contracts that the District has entered into. This Construction Agreement shall only be applicable to advances made to the District for public improvements constructed pursuant to a contract or contracts awarded by the District.

The Developer agrees to advance funds under the Construction Agreement up to a maximum amount of \$10,061,471.45. Concurrently with the execution of the Construction Agreement, the Developer delivered to the District irrevocable letters of credit naming the District as sole beneficiary for contracts that the District entered into. Letters of credit will also be provided from time to time for other necessary public improvements that the District determines to construct. Subject to annual appropriation, advances shall bear simple interest at the rate of 7% per annum from the date of each advance. The Construction Agreement shall expire 40 years after the effective date, and any amount of principal and interest outstanding on such date shall forever be discharged. As of December 31, 2024, outstanding advances under the agreement totaled \$19,012,168 and accrued interest totaled \$764,392.

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

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

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

NOTE 6 NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other government or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024 as follows:

Restricted Net Position:

| | |
|-------------------------------|------------------|
| Emergency Reserves | \$ 46,900 |
| Total Restricted Net Position | <u>\$ 46,900</u> |

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

NOTE 7 RELATED PARTIES

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS

IGA Concerning District Operations and Funding

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction

On April 26, 2023, the District entered into a First Amendment and Assignment and Novation of Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction (First Amendment) with GVRE6 and the Aerotropolis Regional Transportation Authority (ARTA). The First Amendment sets forth the assignment of rights and responsibilities from GVRE6 to the District as set forth under the Intergovernmental Agreement Regarding Regional Transportation System Project Funding and Construction dated October 12, 2021 (ARTA Projects IGA). The ARTA Projects IGA coordinates the timely and efficient completion of seven Projects: 38th Avenue (Picadilly to Tibet), 38th Avenue (Tibet to E470), 48th Avenue (Rome to Tibet), 48th Avenue (Tibet to E470), Picadilly Road (38th to 48th), Picadilly Road (48th to 52nd), and Picadilly Road (52nd to 56th) (collectively, the Projects). The Projects are components of ARTA's capital plan. It is ARTA's intention to facilitate the completion of the Projects with the issuance of future bonds. ARTA currently does not have adequate funds to complete all of the Projects. The District may have available or may be able to secure adequate funds and may be willing to fund a portion of the Projects on the condition that ARTA will reimburse the District for the actual costs incurred up to a maximum combined reimbursement amount of \$12,882,515 for the seven Projects. This amount shall be adjusted upward at the rate of 4% per year. Upon completion of any Project or portion thereof, the District will provide a written report to ARTA detailing the actual project costs, along with a certification from an independent professional engineer, prior to any reimbursement from ARTA. Actual project costs and any amounts due to the District from ARTA shall not accrue interest at any time. The GVRE6 completed the 38th Avenue Project in 2023 and was subsequently reimbursed by ARTA. The District received a partial reimbursement of \$970,545 related to the 48th Avenue Project in December 2024.

Cost Sharing Agreement

On May 9, 2022, the GVRE6, Windler Public Improvement Authority, Windler Metropolitan District, GVP Windler, LLC, and the Developer entered into a Cost Sharing Agreement (Windler Agreement) to facilitate the timely and efficient completion of the following projects: Non-ARTA Related 48th Avenue Improvements, ATRA Related 48th Avenue Improvements, and Tibet Road. Certain of these projects are subject to reimbursement under the ARTA Projects IGA. On April 21, 2023, GVRE6 assigned rights and responsibilities under the Windler Agreement to the District under an Assignment and Novation of Cost Sharing Agreement. The Windler Agreement, as assigned, sets forth cost percentages owed by the District and Windler Public Improvement Authority for each project and sets up an escrow fund payment process with a final allocation process. For each project, the constructing party must adhere to construction standards, performance requirements, and notice requirements. The District provided notice for construction of the Tibet Road Phase 2, Tibet Road Phase 3, and Tibet Road as a Portion of 48th Avenue, and the Windler Public Improvement Authority provided notice for the construction of 48th Avenue (Tibet to E-470).

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS (CONTINUED)

Escrow IGA Deposit and Distribution of ARTA Reimbursement Fund

On April 21, 2023, the District entered into an Escrow Agreement Regarding Deposit and Distribution of ARTA Reimbursement Funds (Escrow Agreement) with GVRE6. The Escrow Agreement sets forth the terms under which funds reimbursed from ARTA under the ART Projects IGA are to be disbursed to allow for GVRE6 to complete construction of certain public improvements and to allow for the District to completed construction of certain public improvements including those assigned to the District from GVRE6. The total estimated costs of projects of the District set forth in the Escrow Agreement is \$4,993,869. The Escrow Agreement also included a separate agreement between the District, GVRE6, and UMB Bank, n.a., as the escrow agent, and Schedio Group LLC, as the costs verifier, to address the distribution of escrowed funds pursuant to the Escrow Agreement.

PIFA Agreement

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

NOTE 9 ECONOMIC DEPENDENCY

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

NOTE 10 RISK MANAGEMENT

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

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 4, 2014, a majority of the District's eligible electors authorized fees and tax levies to produce fees and taxes without regard to any limitations under TABOR.

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

SUPPLEMENTARY INFORMATION

**SECOND CREEK RANCH METROPOLITAN DISTRICT
PIFA FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

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

**SECOND CREEK RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND – STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Reimbursed Expenditures | \$ - | \$ 506,672 | \$ 506,672 |
| Intergovernmental Revenues | 20,771,170 | 1,005,528 | (19,765,642) |
| Net Investment Income | - | 5,494 | 5,494 |
| Total Revenues | 20,771,170 | 1,517,694 | (19,253,476) |
| EXPENDITURES | | | |
| Accounting | 15,000 | 19,910 | (4,910) |
| Engineering | 2,968,751 | 1,406,675 | 1,562,076 |
| Legal | 25,000 | 132,363 | (107,363) |
| Landscaping | - | 1,339,750 | (1,339,750) |
| 48th Avenue Improvements | 3,476,650 | 502,265 | 2,974,385 |
| Tibet Road Phase 1 Improvements | 1,726,650 | 1,111,732 | 614,918 |
| Tibet Road Phase 2 Improvements | 3,692,120 | 3,445,757 | 246,363 |
| Tibet Road Phase 3 Improvements | 5,130,611 | 5,062,578 | 68,033 |
| Trib T Phase 1 Channel Improvements | 4,878,547 | 11,095 | 4,867,452 |
| Trib T Phase 2 Channel Improvements | 2,364,260 | 2,616,870 | (252,610) |
| Traditional Amenity | - | 353,421 | (353,421) |
| Intergovernmental Expenditures | - | 1,028,295 | (1,028,295) |
| Contingency | 50,000 | - | 50,000 |
| Total Expenditures | 24,327,589 | - 17,030,711 | 7,296,878 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (3,556,419) | (15,513,017) | (11,956,598) |
| OTHER FINANCING SOURCES | | | |
| Developer Advance | 3,556,419 | 13,705,204 | 10,148,785 |
| Total Other Financing Sources | 3,556,419 | 13,705,204 | 10,148,785 |
| NET CHANGE IN FUND BALANCE | - | (1,807,813) | (1,807,813) |
| Fund Balance - Beginning of Year | - | 114,422 | 114,422 |
| FUND BALANCE (DEFICIT) - END OF YEAR | \$ - | \$ (1,693,391) | \$ (1,693,391) |

**SECOND CREEK RANCH METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2024**

| <u>Year Ended December 31,</u> | Prior Year Assessed Valuation for Current Year Property Tax Levy | <u>Mills Levied</u> | | <u>Total Property Taxes</u> | | Percentage Collected to Levied |
|---|---|-----------------------|--|-----------------------------|-----------|--------------------------------------|
| | | General Operations | | Levied | Collected | |
| 2020 | \$ 8,890 | 0.000 | | \$ - | \$ - | - % |
| 2021 | 32,150 | 22.111 | | 711 | 711 | 100.00 |
| 2022 | 167,730 | 22.111 | | 3,709 | 3,709 | 100.00 |
| 2023 | 147,930 | 22.519 | | 3,331 | 3,331 | 100.00 |
| 2024 | 85,980 | 25.369 | | 2,181 | 2,181 | 100.00 |
| Estimated for Year Ending December 31, 2025 | \$ 84,290 | 29.894 | | \$ 2,520 | | |

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