

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
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Board of Directors
Summerfield Metropolitan District No. 2
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Summerfield Metropolitan District No. 2 (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 the general fund of Summerfield Metropolitan District No. 2 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 (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.

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 Supplemental 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.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 24, 2025

BASIC FINANCIAL STATEMENTS

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 313,077
Cash and Investments - Restricted	181,614
Receivable from County Treasurer	45,221
Property Tax Receivable	1,735,134
Capital Assets:	
Capital Assets, Not Being Depreciated	1,201,993
Total Assets	3,477,039
LIABILITIES	
Due to Summerfield MD No. 1	143,500
Noncurrent Liabilities:	
Due in More Than One Year	2,306,381
Total Liabilities	2,449,881
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,735,134
Total Deferred Inflows of Resources	1,735,134
NET POSITION	
Restricted for:	
Emergency Reserves	159,700
Unrestricted	(867,676)
Total Net Position	\$ (707,976)

See accompanying Notes to Basic Financial Statements.

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Changes 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	\$ 74,228	\$ -	\$ -	\$ -	\$ (74,228)
Transfers to Summerfield MD No. 1	13,407,755	-	-	-	(13,407,755)
Interest on Long-Term Debt and Related Costs	313,404	-	-	-	(313,404)
Total Governmental Activities	\$ 13,795,387	\$ -	\$ -	\$ -	(13,795,387)
GENERAL REVENUES					
Property Taxes					4,949,620
Specific Ownership Taxes					178,987
Interest Income					224,007
Total General Revenues					5,352,614
CHANGES IN NET POSITION					
					(8,442,773)
Net Position - Beginning of Year					7,734,797
NET POSITION - END OF YEAR					
					\$ (707,976)

See accompanying Notes to Basic Financial Statements.

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Total Governmental Funds
ASSETS		
Cash and Investments	\$ 313,077	\$ 313,077
Cash and Investments - Restricted	181,614	181,614
Receivable from County Treasurer	45,221	45,221
Property Tax Receivable	1,735,134	1,735,134
Total Assets	\$ 2,275,046	\$ 2,275,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Due to Summerfield MD No. 1	\$ 143,500	\$ 143,500
Total Liabilities	143,500	143,500
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	1,735,134	1,735,134
Total Deferred Inflows of Resources	1,735,134	1,735,134
FUND BALANCES		
Restricted for:		
Emergency Reserves	160,600	160,600
Unassigned	235,812	235,812
Total Fund Balances	396,412	396,412
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,275,046	2,275,046
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, Not Being Depreciated		1,201,993
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest		(31,859)
Bonds Payable		(1,000)
Loans Payable		(2,273,522)
Net Position of Governmental Activities		\$ (707,976)

See accompanying Notes to Basic Financial Statements.

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Total Governmental Funds
REVENUES		
Property Taxes	\$ 4,949,620	\$ 4,949,620
Specific Ownership Taxes	178,987	178,987
Interest Income	224,007	224,007
Total Revenues	5,352,614	5,352,614
EXPENDITURES		
Current:		
County Treasurer's Fee	74,228	74,228
Debt Service:		
Bond Interest	45	45
Loan Fees	74,814	74,814
Bond Issue Costs	206,686	206,686
Intergovernmental Expenditures	13,407,755	13,407,755
Total Expenditures	13,763,528	13,763,528
EXCESS OF REVENUES UNDER EXPENDITURES	(8,410,914)	(8,410,914)
OTHER FINANCING SOURCES		
Bond Issuance Proceeds	1,000	1,000
Note Issuance Proceeds	2,273,522	2,273,522
Total Other Financing Sources	2,274,522	2,274,522
NET CHANGE IN FUND BALANCES	(6,136,392)	(6,136,392)
Fund Balances - Beginning of Year	6,532,804	6,532,804
FUND BALANCES - END OF YEAR	\$ 396,412	\$ 396,412

See accompanying Notes to Basic Financial Statements.

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (6,136,392)

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

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

Loan Issuance	(2,273,522)
Bond Principal	(1,000)

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

Accrued Interest Payable - Change in Liability	(31,859)
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Changes in Net Position of Governmental Activities	\$ (8,442,773)
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**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,944,111	\$ 4,949,611	\$ 4,949,620	\$ 9
Specific Ownership Taxes	197,764	178,000	178,987	987
Interest Income	330,000	225,000	224,007	(993)
Intergovernmental - Summerfield MD No. 1	15,500	-	-	-
Total Revenues	<u>5,487,375</u>	<u>5,352,611</u>	<u>5,352,614</u>	<u>3</u>
EXPENDITURES				
Accounting	4,000	-	-	-
Auditing	6,500	-	-	-
County Treasurer's Fee	74,162	74,228	74,228	-
Dues And Membership	400	-	-	-
Loan Fees	100,000	89,814	74,814	15,000
Bond Interest	-	-	45	(45)
Bond Issue Costs	-	206,686	206,686	-
Insurance	2,100	-	-	-
Miscellaneous	2,500	-	-	-
Contingency	7,058	48,133	-	48,133
Intergovernmental Expenditures	250,000	16,231,139	13,407,755	2,823,384
Capital Outlay	10,055,000	-	-	-
Total Expenditures	<u>10,501,720</u>	<u>16,650,000</u>	<u>13,763,528</u>	<u>2,886,472</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,014,345)	(11,297,389)	(8,410,914)	2,886,475
OTHER FINANCING SOURCES				
Bond Issuance Proceeds	10,055,000	1,000	1,000	-
Note issuance proceeds	-	5,096,388	2,273,522	(2,822,866)
Total Other Financing Sources	<u>10,055,000</u>	<u>5,097,388</u>	<u>2,274,522</u>	<u>(2,822,866)</u>
NET CHANGE IN FUND BALANCE	5,040,655	(6,200,001)	(6,136,392)	63,609
Fund Balance - Beginning of Year	<u>6,390,837</u>	<u>6,563,468</u>	<u>6,532,804</u>	<u>(30,664)</u>
FUND BALANCE - END OF YEAR	<u>\$ 11,431,492</u>	<u>\$ 363,467</u>	<u>\$ 396,412</u>	<u>\$ 32,945</u>

See accompanying Notes to Basic Financial Statements.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Summerfield Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Summerfield Metropolitan Districts No. 1 (District No. 1), Summerfield Metropolitan District No. 2 (the District), and Summerfield Metropolitan District No. 3 (District No. 3) approved by the Town of Erie on January 4, 2013, and amended on May 22, 2017. This first Amendment to the Consolidated Service Plan ("First Amendment") for Summerfield Metropolitan District Nos. 1, 2 and 3 is submitted by the Districts in accordance with the requirements of Section 32-1-207(2) of Title 32, Colorado Revised Statutes and Title 9, Chapter 4 of the Erie Municipal Code.

The operation and maintenance of all other services and facilities is anticipated to be provided by the Town of Erie and not by the District.

The District has no employees, and all services are contracted.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 1, District No. 3, and the Town of Erie.

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 and the sum of liabilities and deferred inflows is reported as net position.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
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.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

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

The District reports the following major governmental funds:

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

Budgets

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

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

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets, net of related debt component of the District's net position.

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

Deferred Inflows of Resources

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

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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	\$ 313,077
Cash and Investments - Restricted	181,614
Total Cash and Investments	\$ 494,691

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

Deposits	\$ 21,014
Investments	473,677
Total Cash and Investments	\$ 494,691

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.

At December 31, 2024, the District's deposits had a bank and carrying balance of \$21,014.

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.

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 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	\$ 473,677
Total		<u>\$ 473,677</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 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 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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 AAf/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.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,201,993	\$ -	\$ -	\$ 1,201,993
Total Capital Assets, Not Being Depreciated	1,201,993	-	-	1,201,993
Governmental Activities Capital Assets, Net	<u>\$ 1,201,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,201,993</u>

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
General Obligation Draw down Bond Series 2024	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -
Accrued Interest on: Series 2024	-	52	45	7	-
Subtotal Bonds Payable	<u>-</u>	<u>1,052</u>	<u>-</u>	<u>1,007</u>	<u>-</u>
Special Revenue Draw down					
Annual Appropriation Note Series 2024	-	2,273,522	-	2,273,522	-
Accrued Interest on: Series 2024 Note Payable	-	31,852	-	31,852	-
Subtotal Special Revenue Draw down	<u>-</u>	<u>2,305,374</u>	<u>-</u>	<u>2,305,374</u>	<u>-</u>
Annual Appropriation Note					
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 2,306,426</u>	<u>\$ 45</u>	<u>\$ 2,306,381</u>	<u>\$ -</u>

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2024 General Obligation Limited Tax Drawdown Bond and Notes

In April 2024, the District issued its Series 2024 Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Drawdown Bonds (the Bonds) and its Series 2024 Taxable Special revenue Drawdown Annual Appropriation Notes (the Notes). The Bonds and the Notes were issued for the purpose of funding public infrastructure improvements.

The Bonds have a maximum aggregate principal amount of \$90,000,000 and bear interest at a taxable fixed rate of 7.50% per annum until the Tax-Exempt conversion rate at which time the Bonds will bear interest at a rate of 7.0% per annum. The Bonds convert from taxable to tax-exempt once the Bonds equal or exceed \$2,000,000. The Bonds are secured by pledged revenues consisting of property tax revenues, specific ownership taxes, off-site sanitary sewer reimbursement revenues received by the District beginning January 1, 2028, oil and gas tax revenues and associated specific ownership tax revenues received by the District beginning January 1, 2028, facility fee revenues received by the District beginning January 1, 2028, and any other legally available monies that the Board determines. The Bonds are cash-flow bonds meaning there are no scheduled principal payments and repayment is subject to available pledged revenues. As of December 31, 2024, there have been \$1,000 of Bonds that have been issued and \$6 of accrued interest.

The Notes have a maximum aggregate principal amount of \$25,000,000 and bear interest at a rate of 7.50%. The Notes are secured by pledged revenues consisting of oil and gas tax revenues received by the District through December 31, 2027, facility fee revenues received by the District through December 31, 2027, off-site sanitary sewer reimbursement revenues received by the District through December 31, 2027, and any other legally available monies that the Board determines. The Notes are cash-flow notes meaning there are no scheduled principal payments and repayment is subject to available pledged revenues.

Due to the uncertainty of the timing of the principal and interest payments on the Bonds and Notes, a schedule of the timing of these payments is not available.

NOTE 6 NET POSITION

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

The restricted component 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 District had a restricted net position at December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 159,700
Total Restricted Net Position	\$ 159,700

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit unrestricted net position. The deficit is a result of the District being responsible for the repayment of debt which financed public infrastructure costs that have been or will be conveyed to other governmental entities.

NOTE 7 RELATED PARTIES

Three of the five members of the Board of Directors are employees and are associated with Bellock Construction Company, accountants for the District, and Community Development Group of Erie, Inc. or CDG Summerfield Inc. (CDG) the developer within the District. During 2024, District No. 1 and District No. 3 had the same Board of Directors.

NOTE 8 AGREEMENTS

District Coordinating Services Agreement

In order to implement the Service Plan, the District entered into an Intergovernmental Agreement for District Coordinating Services with District No. 1 and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions has been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

District No. 1 is to construct the facilities benefitting the three Districts and transfer them to the Town of Erie or the homeowners association (HOA) as required. The District and District No. 3 will, to the extent that they benefit, pay the service costs of operation and maintenance of such facilities (authorized service costs).

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District must pay District No. 1 the amount set forth in the annual budget. The District has a balance of \$143,500 that is due to District No. 1 as of December 31, 2024.

Public Improvements Acquisition and Reimbursement Agreement

In August 2023, and as amended on April 16, 2024, the District entered into a public improvements acquisition and reimbursement agreement with Summerfield Metropolitan District No. 1 (District No. 1), TL Summerfield LLC (the Builder) and CDG Summerfield Inc. (the Landowner). The Builder will incur costs related to the financing, construction and installation of public improvements within the District. Pursuant to the agreement, costs presented to District No. 1 are required to be certified. Upon certification and acceptance of the costs, District No. 1 shall reimburse the costs to the Landowner. It is anticipated that the District will fund the reimbursement through debt proceeds. In 2024, \$13,064,295 was sent to District No. 1 to reimburse the Landowner under this agreement.

SUMMERFIELD METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

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

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

On November 5, 2002, the District voters passed an election question allowing the District to increase property taxes by \$630,000 annually, then increased the amount to \$5,000,000 during the November 2, 2004, election, without limitation of rate, to pay the District's operations, maintenance and other expenses.

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

The 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.

OTHER INFORMATION

**SUMMERFIELD METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2020	\$ 1,359,100	55.663	-	55.663	\$ 75,652	\$ 74,564	98.56 %
2021	1,017,890	55.663	-	55.663	56,659	57,193	100.94
2022	24,345,330	55.663	-	55.663	1,355,134	1,354,280	99.94
2023	106,518,760	57.220	-	57.220	6,095,003	6,083,124	99.81
2024	83,229,990	59.403	-	59.403	4,944,111	4,949,620	100.11
Estimated for Year Ending December 31, 2025	\$ 34,631,340	5.832	44.271	50.103	\$ 1,735,134		

Note:

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

Source: Weld County Assessor and Treasurer.