

SKY DANCE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sky Dance Metropolitan District No. 2
Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sky Dance 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sky Dance Metropolitan District No. 2 as of December 31, 2024, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive, flowing style and is positioned above a horizontal line.

Flynn CPA, LLC

Castle Pines, CO
September 25, 2025

SKY DANCE METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ 3,340,470	\$ 7,619,023	\$ 10,959,493	\$ -	\$ 10,959,493
Taxes due from County	-	2	-	2	-	2
Accounts receivable - developer	30,122	1,121	-	31,243	(31,243)	-
Receivable from District #1	-	1,418	-	1,418	-	1,418
Property taxes receivable	<u>44</u>	<u>245</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>289</u>
Total Assets	<u>\$ 30,166</u>	<u>\$ 3,343,256</u>	<u>\$ 7,619,023</u>	<u>\$ 10,992,445</u>	<u>(31,243)</u>	<u>10,961,202</u>
LIABILITIES						
Payable to District 1	\$ 2,604	\$ 564	\$ 153,217	\$ 156,385	-	156,385
Regional mill levy payable	-	22	-	22	-	22
Accrued interest on bonds	-	-	-	-	126,959	126,959
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,668,408</u>	<u>13,668,408</u>
Total Liabilities	<u>2,604</u>	<u>586</u>	<u>153,217</u>	<u>156,407</u>	<u>13,795,367</u>	<u>13,951,774</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>44</u>	<u>245</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>289</u>
Total Deferred Inflows of Resources	<u>44</u>	<u>245</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>289</u>
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted:						
Emergencies	60	-	-	60	(60)	-
Debt service	-	3,342,425	-	3,342,425	(3,342,425)	-
Capital	-	-	7,465,806	7,465,806	(7,465,806)	-
Unassigned	<u>27,458</u>	<u>-</u>	<u>-</u>	<u>27,458</u>	<u>(27,458)</u>	<u>-</u>
Total Fund Balances	<u>27,518</u>	<u>3,342,425</u>	<u>7,465,806</u>	<u>10,835,749</u>	<u>(10,835,749)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 30,166</u>	<u>\$ 3,343,256</u>	<u>\$ 7,619,023</u>	<u>\$ 10,992,445</u>		
Net Position:						
Restricted for:						
Emergencies					60	60
Capital projects					7,465,806	7,465,806
Unrestricted					<u>(10,456,727)</u>	<u>(10,456,727)</u>
Total Net Position (Deficit)					<u>\$ (2,990,861)</u>	<u>\$ (2,990,861)</u>

The notes to the financial statements are an integral part of these statements.

SKY DANCE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
<u>Operating:</u>						
Insurance	\$ 3,391	\$ -	\$ -	\$ 3,391	\$ -	\$ 3,391
Mangement	5,569	-	-	5,569	-	5,569
Transfer to District #1	87,021	-	2,032,768	2,119,789	-	2,119,789
Treasurer fees	1	8	-	9	-	9
Regional mill levy payable	-	11	-	11	-	11
Bond interest	-	-	-	-	126,959	126,959
Bond issuance costs	-	-	715,042	715,042	-	715,042
Developer interest	-	-	-	-	1,389	1,389
	<u>95,982</u>	<u>19</u>	<u>2,747,810</u>	<u>2,843,811</u>	<u>128,348</u>	<u>2,972,159</u>
GENERAL REVENUES						
Property taxes	98	530	-	628	-	628
Specific ownership taxes	5	27	-	32	-	32
Transfer from District #1	-	1,418	-	1,418	-	1,418
Interest income	-	8,769	21,102	29,871	-	29,871
	<u>103</u>	<u>10,744</u>	<u>21,102</u>	<u>31,949</u>	<u>-</u>	<u>31,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(95,879)	10,725	(2,726,708)	(2,811,862)	(128,348)	(2,940,210)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	13,609,000	13,609,000	(13,609,000)	-
Bond premium	-	-	38,611	38,611	(38,611)	-
Transfer to/from other funds	123,397	3,331,700	(3,455,097)	-	-	-
	<u>123,397</u>	<u>3,331,700</u>	<u>10,192,514</u>	<u>13,647,611</u>	<u>(13,647,611)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES						
	27,518	3,342,425	7,465,806	10,835,749	(10,835,749)	
CHANGES IN NET POSITION						
					(2,940,210)	(2,940,210)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,651)</u>	<u>(50,651)</u>
END OF YEAR	<u>\$ 27,518</u>	<u>\$ 3,342,425</u>	<u>\$ 7,465,806</u>	<u>\$10,835,749</u>	<u>\$ (13,826,610)</u>	<u>\$ (2,990,861)</u>

The notes to the financial statements are an integral part of these statements.

SKY DANCE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 98	\$ 98	\$ 98	\$ -
Specific ownership taxes	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Total Revenues	<u>103</u>	<u>103</u>	<u>103</u>	<u>-</u>
EXPENDITURES				
Accounting	2,000	-	-	-
Directors fees	2,000	-	-	-
Insurance	3,400	3,400	3,391	9
Legal	15,000	-	-	-
Elections	1,500	-	-	-
Mangement	5,000	5,600	5,569	31
Miscellaneous	500	-	-	-
Transfer to District #1	-	88,000	87,021	979
Treasurer fees	1	1	1	-
Contingency	1,817	27,102	-	27,102
Emergency Reserve	<u>882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>32,100</u>	<u>124,103</u>	<u>95,982</u>	<u>28,121</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,997)	(124,000)	(95,879)	28,121
OTHER FINANCING SOURCES				
Developer Advances	31,997	-	-	-
Transfer to/from other funds	<u>-</u>	<u>124,000</u>	<u>123,397</u>	<u>(603)</u>
Total Other Financing Sources	<u>31,997</u>	<u>124,000</u>	<u>123,397</u>	<u>(603)</u>
NET CHANGE IN FUND BALANCE	-	-	27,518	27,518
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,518</u>	<u>\$ 27,518</u>

The notes to the financial statements are an integral part of these statements.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Sky Dance Metropolitan District No. 2 (the “District”), located in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 19, 2020 as BOWIP Metropolitan District No. 2, and is governed pursuant to provisions of the State of Colorado Special District Act in accordance with a Service Plan approved by the City of Aurora (“City”) on November 18, 2019, as amended by a First Amendment to Service Plan approved by the City on February 14, 2022 (the “Service Plan”). On March 8, 2022, an Order Granting Petition for Name Change was recorded in the Adams County Real Property Records, whereby the name of BOWIP Metropolitan District No. 2 was changed to Sky Dance Metropolitan District No. 2. The District, together with Sky Dance Metropolitan District No. 1 (“District No. 1”, and together with the District, collectively the “Districts”), were established to provide for the planning, design, financing, acquisition, construction, installation, operation, maintenance, repair and replacement of public improvements within the boundaries of the Districts to serve the future taxpayers and inhabitants of the Districts, subject to the limitations set forth in the District’s Service Plan.

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

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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

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

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 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 appropriation is at the total fund expenditures level and lapses at year end.

On October 16, 2024, the District amended its total appropriations in the Debt Service Fund from \$561 to \$80,000 and in the Capital Projects Fund from \$0 to \$13,000,000 to the issuance of the Series 2024A and Series 2024B Bonds. On September 16, 2025, the District amended its total appropriations in the General Fund from \$32,100 to \$124,103 due to an increase in transfers to District No. 1 for operations expenses.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

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

Deposits and Investments

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

The District follows the practice of pooling cash 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 minimum number of bank accounts. 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.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Estimates

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

Deferred Outflows/Inflows of Resources

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

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

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

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

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$60 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$3,342,425 is restricted for the payment of the debt service costs associated with the Series 2024A and Series 2024B Bonds (see Note 3).

The restricted fund balance in the Capital Projects Fund in the amount of \$7,465,806 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

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

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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

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

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

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments - restricted	<u>\$10,959,493</u>
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Cash and investments as of December 31, 2024, consist of the following:

Investments – Invesco Treas	<u>\$10,959,493</u>
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Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits.

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (“NAV”) per share.

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

Invesco Treasury Portfolio

The District’s funds that were included in the trust accounts at BOK were invested in the Invesco Treasury Portfolio (“Portfolio”). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 11 days or less. As of December 31, 2024, the District has \$10,959,493 invested in the fund.

Note 3: Long-Term Debt

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

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<u>General Obligation Bonds:</u>					
Series 2024A Bonds	\$ -	\$ 12,415,000	\$ -	\$ 12,415,000	\$ -
Series 2024B Bonds	-	1,194,000	-	1,194,000	-
Bond Premium	-	38,611	-	38,611	-
	-	13,647,611	-	13,647,611	-
<u>Other:</u>					
Developer advances - operations	17,310	-	-	17,310	-
Developer advances - operations accrued interest	2,098	1,389	-	3,487	-
	19,408	1,389	-	20,797	-
	<u>\$ 19,408</u>	<u>\$ 13,649,000</u>	<u>\$ -</u>	<u>\$ 13,668,408</u>	<u>\$ -</u>

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

A description of the long-term obligations as of December 31, 2024, are as follows:

\$12,415,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2024A

On November 7, 2024, the District issued its \$12,415,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2024A (“Series 2024A Bonds”) for the purpose of financing the construction of the public improvements benefitting the Districts, funding the Surplus Fund and paying for the costs of issuance of the Series 2024A Bonds. The Series 2024A Bonds bear interest at 6.000% payable semi-annually on June 1 and December 1 commencing on June 1, 2025 and mature on December 1, 2054. The Series 2024A Bonds are secured by Pledged Revenues including the Senior Required Mill Levy Revenue (as defined in the Indenture of Trust for the Series 2024A Bonds or the “Indenture”), the portion of the Specific Ownership Tax that is collected as a result of imposition of the Senior Required Mill Levy, any moneys derived by the District from imposition of any debt service mill levy in 2023 for collection in 2024, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County, together with the portion of the Specific Ownership Tax which is collected as a result of the imposition of such debt service mill levy, and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue. The Series 2024A Bonds are also secured by capitalized interest in the original amount of \$2,234,700 and a Surplus Fund up to the maximum amount of \$2,194,000. As of December 31, 2024, the District had \$2,241,581 in the capitalized interest fund and \$1,099,887 in the Surplus Fund.

The Series 2024A Bonds are subject to a mandatory sinking fund redemption, on December 1 of each year, commencing on December 1, 2031. The Series 2024A Bonds are subject to optional redemption prior to maturity, at the option of the District, as a whole or integral multiples of \$1,000, on December 1, 2029, and on any date thereafter upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium as follows:

- 3% of the amount redeemed from December 1, 2029 through November 30, 2030
- 2% of the amount redeemed from December 1, 2030 through November 30, 2031
- 1% of the amount redeemed from December 1, 2031 through November 30, 2032
- Redemptions on and after December 1, 2032 are at par

Events of Default as defined in the Series 2024A Bond Indenture are 1) before the unlimited tax receipt date, the District fails or refuses to impose the Senior Required Mill Levy, or 2) on and after the unlimited tax receipt date, the District fails or refuses to pay the principal of or interest on the Series 2024A Bonds when due (or cause to be remitted) the Senior Pledged Revenue to the Trustee as required by the Series 2024A Indenture, or 3) the District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Series 2024A Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Series 2024A Indenture, or 4) the District files a petition under the federal bankruptcy laws or other

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

applicable bankruptcy laws seeking to adjust the obligations represented by the Series 2024A Bonds. Failure to pay the principal of or interest on the Series 2024A Bonds when due shall not, of itself, constitute an Event of Default under the Series 2024A Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2024A Bonds is not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2024A Bonds:

	Principal	Interest	Total
2025	\$ -	\$ 794,560	\$ 794,560
2026	-	744,900	744,900
2027	-	744,900	744,900
2028	-	744,900	744,900
2029	-	744,900	744,900
2030-2034	655,000	3,672,600	4,327,600
2035-2039	1,305,000	3,386,400	4,691,400
2040-2044	2,035,000	2,912,700	4,947,700
2045-2049	3,005,000	2,192,400	5,197,400
2050-2054	5,415,000	1,142,700	6,557,700
	<u>\$ 12,415,000</u>	<u>\$ 17,080,960</u>	<u>\$ 29,495,960</u>

\$1,194,000 Subordinate General Obligation Limited Tax Bonds, Series 2024B

On November 7, 2024, the District issued its \$1,194,000 Subordinate General Obligation Limited Tax Bonds, Series 2024B (“Series 2024B Bonds”) for the purpose of financing the construction of the public improvements benefitting the Districts and paying for the costs of issuance of the Series 2024B Bonds. The Series 2024B Bonds bear interest at 8.500% payable annually on December 15 commencing on December 15, 2024 and mature on December 15, 2054. The Series 2024B Bonds are subject to early redemption at the option of the District commencing December 1, 2029, with a redemption premium ranging from 3% to 1%. The Series 2024B Bonds can be redeemed after December 1, 2032 with no redemption premium. The Series 2024B Bonds are limited tax “cash flow” general obligations of the District secured by and payable solely from the Subordinate Pledged Revenue, consisting of the Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2024B Bonds or the “Indenture”), the portion of Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy, the amounts, if any in the Series 2024A Surplus Fund which are in excess of the Initial Surplus Amount of \$1,097,000 at the time of the Conversion Date (as defined in the Series 2024A Indenture), any moneys derived by the District

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

from imposition of any debt service mill levy in 2023 for collection in 2024, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County, together with the portion of the Specific Ownership Tax which is collected as a result of the imposition of such debt service mill levy, after such moneys are applied to all debt service on the Series 2024A Bonds, and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

After application of all available Pledged Revenue to the payment of the Series 2024B Bonds, on December 16, 2063, the Series 2024B Bonds and the lien of the Series 2024B Bond Indenture securing payment thereof shall be deemed fully satisfied regardless of the amount of principal remaining and interest accrued thereon on the Termination Date of December 16, 2063, and on such date the Series 2024B Bonds shall be discharged and the Series 2024B Bond Indenture shall terminate, and the estate and rights granted by the Series 2024B Bond Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel the Series 2024B Bonds and discharge the lien of the Series 2024B Bond Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same.

Events of Default as defined in the Series 2024B Bond Indenture 1) the District fails or refuses to impose the Subordinate Required Mill Levy or to remit (or cause to be remitted) the Subordinate Pledged Revenue to the Trustee as required by the Series 2024B Indenture, or 2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Series 2024B Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Series 2024B Indenture, or 4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligations represented by the Series 2024B Bonds. The District and the Trustee acknowledge in the 2024B Subordinate Indenture that due to the limited nature of the Subordinate Pledge Revenue, the failure to pay the principal of or interest on the Series 2024B Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suit. Acceleration of the Series 2024B Bonds is not an available remedy for an Event of Default.

Because of the uncertainty of timing of payments under the Series 2024B Bonds no related schedule of expected principal and interest payments is presented.

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as \$120,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power.

With that understanding, on November 3, 2020, District electors voted to authorize the total amount of the Service Plan Debt Issuance Limit, in every power, for a total voted debt authority of \$1,560,000,000. As of December 31, 2024, \$106,391,000 of the Service Plan Debt Issuance Limit remains. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' Service Area; however, as of the date of this audit, the amount and timing of any future debt issuance is not determinable. The District has not budgeted to issue additional debt in 2025.

Note 4: Other Agreements

Master Intergovernmental Agreement.

On March 29, 2022, the District and District No. 1 entered into a Master Intergovernmental Agreement (the "Master IGA"), regarding the construction, installation, and operation and maintenance of the Public Improvements and setting forth the functions and services each District will provide and the mechanisms to be used for the sharing of costs of the Public Improvements, as defined therein. Specifically, the Master IGA establishes District No. 1's responsibility for coordinating the construction, design, financing and operation and maintenance of the Public Improvements that benefit the Districts and establishes the District's obligation to pay for the benefit of the Public Improvements, Administration Services and Project Management provided by the District No. 1.

The Master IGA reiterates the obligations between the Districts under the Operations Pledge Agreement, described below, and other financial obligations entered into by the Districts. Pursuant to the Master IGA, District No. 1 shall be responsible for the accounting activities of the Districts and shall prepare the necessary accounting documents to be provided to the District. The Master IGA also provides for the obligations related to pledged amounts and bonds issued by the Districts.

District No. 1 agrees to perform Administration Services and Project Management Services, each as discussed in detail in the Master IGA, for each District. The District agrees to pay its respective share of costs for such services for any fiscal year as determined by District No. 1 pursuant to the Operations Pledge Agreement discussed below. Any of such costs incurred by District No. 1 prior to entering into the Operations Pledge Agreement shall be reimbursed to District No. 1.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

In addition, District No. 1 agrees to, on behalf of the Districts, contract for and supervise the construction and acquisition of, or otherwise acquire, Public Improvements, subject to certain input from the District. District No. 1 shall (i) obtain (a) all necessary governmental approvals, and (b) certain specified documents prior to the acquisition of Public Improvements, (ii) exercise reasonable efforts to comply and cause its designated contractors to comply with State and other applicable rules, laws, regulations and orders, and (iii) perform certain other tasks with regard to the construction of Public Improvements.

Operations Pledge Agreement

On March 29, 2022, the Districts entered into the Operations Pledge Agreement (the "Operations Pledge Agreement"), whereby certain costs referenced in the Master IGA are allocated among the Districts. Specifically, the Operations Pledge Agreement provides the mechanism to determine each District's Allocated Management Costs associated with the Operation and Maintenance Expenses (as defined therein) of the District. District No. 1 agrees to perform the Administration Services and Project Management Services pursuant to the Master IGA. Pursuant to the Operations Pledge Agreement, the District agrees to impose an operations mill levy in amounts determined as necessary by District No. 1 in order to pay the District's proportionate share of the Allocated Management Costs.

Inclusion Agreement

The District, District No. 1, ACM Moffitt VII RESI LLC ("Residential Owner") and the Developer entered into an Inclusion Agreement, executed and effective as of November 6, 2024, the ("Inclusion Agreement"), whereby the Residential Owner agrees to include certain Future Residential Property (as defined therein) into the District upon the occurrence of certain events.

The Residential Owner has excluded the Excluded Property from the boundaries of the District in anticipation of a sale of such Excluded Property. In conjunction with the potential Excluded Property Sale, it is a condition of the closing that the Residential Owner and/or the Current Purchaser remit a one-time payment to the District at closing in an amount sufficient to contribute to the Excluded Property's share of the expense associated with the Public Improvements necessary to serve the District's service area (the "Improvement Contribution"). The Parties recognize that, as of the Effective Date, the Excluded Property Sale is not guaranteed to close and; if the Excluded Property Sale does not occur, the Improvement Contribution will not be made. As such, the Parties desire to set forth the obligation of the Residential Owner to cooperate with the District to re-include the Excluded Property back into the District if the Excluded Property Sale fails to close timely. Such failure to close timely shall constitute Trigger A and the Excluded Property shall become Trigger Parcel A at that time.

In addition, the Commercial Parcel is currently anticipated to be modified pursuant to the City's Residential Plan Approval process from a commercial use to a residential use. The Parties intend that receipt from the City of a Residential Plan Approval shall constitute Trigger B and the Future Development Parcel shall become the Triggered Parcel B at that time.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Triggered Parcel A and Triggered Parcel B shall collectively be referred to herein as the Triggered-Parcels.

The Developer has agreed to execute a petition to exclude Triggered Parcel B upon receipt of the Residential Approval Plan out of District No. 1. The Residential Owner has agreed to execute petition(s) to include all Triggered Parcels as Future Residential Property at the times specified in the Inclusion Agreement within the District to ensure that the District may impose debt service mill levies on said Triggered Parcels to be used to generate tax revenues to pay future bond payments as they come due. The Residential Owner acknowledges that upon inclusion of one or both Triggered Parcels into the District, such Triggered Parcel will be subject to the taxes, fees, rates, tolls and charges of the District, including but not limited to the Maximum Debt Mill Levy (as defined in the Service Plans), which revenues are intended to be applied to secure repayment of the District's Series 2024A and Series 2024B Bonds pursuant to the Indentures. The Parties acknowledge that the Districts and the Trustee are each relying on the agreements established in the Inclusion Agreement in order to ensure revenues are available to secure repayment of the District's Series 2024A and Series 2024B Bonds and to complete construction and financing of the Improvements

Intergovernmental Agreement with Aurora

The District and the City are parties to an Intergovernmental Agreement dated December 4, 2020, ("City IGA") pursuant to the requirements of the District's Service Plan. Under the City IGA, the District covenants to dedicate public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is authorized, but not required, to own, operate and maintain improvements that are not otherwise required to be dedicated to the City or another entity. Pursuant to the District's Service Plan, the District is required to impose a mill levy for Aurora Regional Improvements (the "ARI Mill Levy") commencing in the first year the District imposes a debt service mill levy.

ARTA Establishment Agreement

On December 13, 2022 effective September 27, 2022, and as may be subsequently amended from time to time, the District, along with other Title 32 special districts, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement (ARTA Agreement), an authority formed pursuant to Section 29-1-203, C.R.S. The ARTA Agreement was further amended to add additional metropolitan district members. Pursuant to the ARTA Agreement, ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are parties to the ARTA Agreement using the revenue from the ARI Mill Levy (as defined therein) of each of the participating districts. In accordance with the ARTA Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of 2024, had not exercised this right. For collection year 2024, the District imposed an ARI mill levy equal to 1.098 mills, which generated \$5.00 of net ARTA property taxes collections.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Note 5: Related Parties

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

Note 6: Tax, Spending and Debt Limitations

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

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

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

The 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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

SKY DANCE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

SKY DANCE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 529	\$ 529	\$ 530	\$ 1
Specific ownership taxes	32	32	27	(5)
Transfer from District #1	-	-	1,418	1,418
Interest income	-	-	8,769	8,769
Total Revenues	<u>561</u>	<u>561</u>	<u>10,744</u>	<u>10,183</u>
EXPENDITURES				
Regional mill levy payable	11	11	11	-
Bond interest	-	69,439	-	69,439
Transfer to District #1	542	542	-	542
Trustee fees	-	10,000	-	10,000
Treasurer fees	8	8	8	-
Total Expenditures	<u>561</u>	<u>80,000</u>	<u>19</u>	<u>79,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	(79,439)	10,725	90,164
OTHER FINANCING SOURCES (USES)				
Transfer to/from other funds	-	3,250,000	3,331,700	81,700
Total Other Financing Sources (Uses)	-	<u>3,250,000</u>	<u>3,331,700</u>	<u>81,700</u>
NET CHANGE IN FUND BALANCE	-	3,170,561	3,342,425	171,864
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	<u>\$ -</u>	<u>\$ 3,170,561</u>	<u>\$ 3,342,425</u>	<u>\$ 171,864</u>

The notes to the financial statements are an integral part of these statements.

SKY DANCE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Interest income	\$ -	\$ -	\$ 21,102	\$ 21,102
Total Revenues	<u>-</u>	<u>-</u>	<u>21,102</u>	<u>21,102</u>
EXPENDITURES				
Transfer to District #1	-	8,970,000	2,032,768	6,937,232
Bond issuance costs	-	780,000	715,042	64,958
Total Expenditures	<u>-</u>	<u>9,750,000</u>	<u>2,747,810</u>	<u>7,002,190</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(9,750,000)	(2,726,708)	7,023,292
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	13,000,000	13,609,000	609,000
Bond premium	-	-	38,611	38,611
Transfer to/from other funds	-	(3,250,000)	(3,455,097)	(205,097)
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,750,000</u>	<u>10,192,514</u>	<u>442,514</u>
NET CHANGE IN FUND BALANCE	-	-	7,465,806	7,465,806
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,465,806</u>	<u>\$ 7,465,806</u>

The notes to the financial statements are an integral part of these statements.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

SKY DANCE METROPOLITAN DISTRICT NO. 2

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2024

(Unaudited)

History of Assessed Valuations and Mill Levies for the District

Levy Year	Collection Year	Assessed Valuation		Mill Levies			Total
		Valuation	Percent Change	General Fund	Bond Redemption	ARI	
2020	2021	\$ 6,650	0.00%	0.000	0.000		-
2021	2022	920	-86.17%	0.000	0.000		-
2022	2023	10,240	1013.04%	10.000	52.490	1.049	63.539
2023	2024	9,740	-4.88%	10.000	53.296	1.065	64.361
2024	2025	4,370	-55.13%	10.000	54.924	1.098	66.022

Property Tax Collections in the District

Levy Year	Collection Year	Taxes Levied	Current Tax Collections (1)	Collection Rate
2020	2021	\$ -	\$ -	0%
2021	2022	-	-	0%
2022	2023	651	651	100%
2023	2024	627	628	100%
2024	2025	289		

(1) Figures are through December 31, 2024

Ten Largest Owners of Taxable Property within the District

Taxpayer Name	2024 Assessed Valuation	Percentage of Total Assessed Valuation
ACM Moffitt VII Resi LLC	\$ 4,370	100.00%
Total	\$ 4,370	100.00%

Assessed Valuation of Classes of Property in the District

Class	Assessed Valuation	Percentage of Assessed Valuation
Agricultural	\$ 4,370	100.00%
	\$ 4,370	100.00%