

ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2

**2022 CONSOLIDATED ANNUAL REPORT
TO
TOWN OF FIRESTONE**

Pursuant to §32-1-207(3)(c) St. Vrain Lakes Metropolitan District No. 2 (the “**District**”), are required to provide an annual report to the Town of Firestone (the “**Governing Jurisdiction**”) with regard to the following matters:

For the year ending December 31, 2022 (the “**report year**”), the District make the following report:

- 1. Boundary changes made to the District’s boundaries as of December 31 of the report year.**

None.

- 2. Intergovernmental Agreements with other governmental entities, either entered into or terminated, as of December 31 of the report year.**

None.

- 3. Access Information for copies of the District’s rules and regulations, if any, as of December 31 of the report year.**

Copies of the District’s rules and regulations may be found on <https://www.svlmd-barefootlakes.com/>

- 4. A summary of any litigation which involves the District’s Public Improvements as of December 31 of the report year.**

To our actual knowledge, based on review of the court records in Adams County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ Public Improvements as of December 31, 2022.

- 5. Status of the District’s construction of the Public Improvements as of December 31 of the report year.**

The District has not constructed any Public Improvements.

- 6. A list of all facilities and improvements constructed by the District that have been conveyed or dedicated to the Governing Jurisdiction as of December 31 of the report year.**

The District has not constructed any Public Improvements.

7. The final assessed valuation of the District's for the report year.

See **Exhibit A**.

8. A copy of the Current year's budget.

A copy of the District's 2023 Budget is attached hereto as **Exhibit B**.

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

A copy of the District's 2022 Audit is attached hereto as **Exhibit C**.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the special district.

None.

11. Any inability of the Districts' to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

EXHIBIT A

2022 Final Assessed Valuation

CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1434 - ST VRAIN LAKES METRO 2

IN WELD COUNTY ON 11/28/2022

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10,955,982
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$25,387,360
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$14,338,972
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$11,048,388
5. NEW CONSTRUCTION: **	\$4,822,380
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$530.42

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$329,893,999
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$69,386,432
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
<small>(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)</small>	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$30,919
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** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.

EXHIBIT B

2023 Budget

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
ST. VRAIN METROPOLITAN DISTRICT NO. 2
WELD COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2023

STATE OF COLORADO)
)
COUNTY OF WELD)ss.
)
ST. VRAIN)
METROPOLITAN)
DISTRICT NO. 2)

The Board of Directors of the St. Vrain Metropolitan District No. 2, Weld County, Colorado, held a meeting via Microsoft Teams Tuesday, November 8, 2022 at 6:00 P.M.

The following members of the Board of Directors were present: (Via Teleconference)

Jessica Adams, President
Tracy Roberts, Vice President
Michelle Busse, Secretary/Treasurer
James Palmer, Assistant Secretary

Peggy Dowswell, Kenny Parish, Jordan Wood, Tracie Kaminski, and Amanda Castle;
Pinnacle Consulting Group, Inc.
Eve Velasco, Esq.; White Bear Ankele Tanaka & Waldron, P.C.
Chris Bremner and Ashley Tarufelli; Brookfield Residential
Kathy Lind; Carbon Valley Parks and Recreation District
Eva Poulson; Members of the Public

Mr. Parrish stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2023 budget. Director Bremner opened the public hearing on the District's proposed 2023 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Busse moved to adopt the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE ST. VRAIN METROPOLITAN DISTRICT NO. 2, WELD COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2023, AND ENDING ON THE LAST DAY OF DECEMBER 2023,

WHEREAS, the Board of Directors of the St. Vrain Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on October 28, 2022 in The Longmont Daily Times-Call, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 8, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ST. VRAIN METROPOLITAN DISTRICT NO. 1 OF WELD COUNTY, COLORADO:

Section 1. 2023 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2023 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2023. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the St. Vrain Metropolitan District No. 2 for calendar year 2023.

Section 4. 2023 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2023 Budget year is \$865,530.72. That the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$11,048,388.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 11.283 mills upon each dollar of the 2022 total valuation of assessment of all taxable property within the District.

B. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all general obligation bonds and interest approved at elections of the District during the 2023 budget year, there is hereby levied a tax of 62.057 mills upon each dollar of the 2022 total valuation of assessment of all taxable property within the District.

C. Levy for Contractual Obligations. That for the purposes of meeting all general contractual obligations approved at election of the District during the 2023 budget year, there is hereby levied a tax of 5.000 mills upon each dollar of the 2022 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Weld County, Colorado, the 78.340 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Weld County, Colorado.

On behalf of the St. Vrain Lakes Metropolitan District No. 2
(taxing entity)^A

the Board of Directors
(governing body)^B

of the St. Vrain Lakes Metropolitan District No. 2
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 25,387,360 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 11,048,388 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/14/2022 for budget/fiscal year 2023
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>11.283</u> mills	\$ <u>124,658.97</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<u>11.283</u> mills	\$ <u>124,658.97</u>
3. General Obligation Bonds and Interest ^J	<u>62.057</u> Mills	\$ <u>685,629.81</u>
4. Contractual Obligations ^K	<u>5.000</u> Mills	\$ <u>55,241.94</u>
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<u>78.340</u> mills	\$ <u>865,530.72</u>

Contact person: (print) Amanda Castle Daytime phone: (970) 669-3611

Signed: Amanda Castle Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | Finance and/or reimburse the cost of public improvements, pay capitalized interest, fund an initial deposit to the surplus fund and pay costs of issuance |
| | Series: | 2017A |
| | Date of Issue: | 12/13/2017 |
| | Coupon Rate: | 5.000% - 5.125% |
| | Maturity Date: | 12/01/2047 |
| | Levy: | 62.057 |
| | Revenue: | \$685,629.81 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|---|
| 3. | Purpose of Contract: | Provide for the maintenance of regional parks, regional trails and public streets |
| | Title: | IGA with Town of Firestone |
| | Date: | 12/09/2015 |
| | Principal Amount: | N/A |
| | Maturity Date: | N/A |
| | Levy: | 5.000 |
| | Revenue: | \$55,241.94 |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

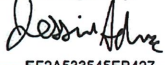
Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Palmer, Assistant Secretary and Assistant Treasurer of the District, and made a part of the public records of St. Vrain Metropolitan District No. 2.

The foregoing Resolution was seconded by Director Roberts.


[Remainder of Page Left Blank Intentionally.]

ADOPTED AND APPROVED this 8th day of November 2022.

DocuSigned by:

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President

ATTEST:

DocuSigned by:

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STATE OF COLORADO)
)
COUNTY OF WELD)ss.
)
ST. VRAIN)
METROPOLITAN)
DISTRICT NO. 2)

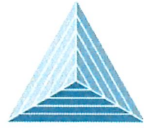
I, James Palmer, Assistant Secretary and Assistant Treasurer to the Board of Directors of the St. Vrain Metropolitan District No. 2, Weld County, Colorado, do hereby certify that the foregoing pages constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held via Microsoft Teams on Tuesday, November 8, 2022, at 6:00 p.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2023 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 8th day of November 2022.

DocuSigned by:

James Palmer

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PINNACLE

CONSULTING GROUP, INC.

Management Budget Report

BOARD OF DIRECTORS
ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2023, including the comparative information of the forecasted estimate for the year ending December 31, 2022, and the actual historic information for the year 2021.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

Pinnacle Consulting Group, Inc.
January 10, 2023

ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
GENERAL FUND				
	(a)	(b)	(c)	(f)
	2021	2022	2022	2023
	Audited	Adopted	Projected	Proposed
	Actual	Budget	Actual	Budget
Revenues				
Property Taxes	\$ 104,175	\$ 128,174	\$ 129,509	\$ 124,659
TIF Revenue	76,747	123,008	123,008	161,787
Specific Ownership	9,202	12,559	15,068	14,322
Property Taxes - Town of Firestone	44,523	54,780	55,350	55,242
TIF Revenue - Town of Firestone	32,800	52,572	52,572	71,695
Specific Ownership - FSL	3,933	6,441	6,441	6,347
Conservation Trust Funds	4,876	-	-	-
Interest Income/Contingency	171	100	204	100
Total Revenues	\$ 276,427	\$ 377,634	\$ 382,152	\$ 434,152
Expenditures				
Treasurer's Fees	\$ 2,715	\$ 3,768	\$ 3,788	\$ 4,297
Treasurer's Fees - Firestone	1,160	1,610	1,619	1,904
To Firestone - Property Taxes	76,163	105,742	106,303	125,033
Service Fees to District #1	196,389	266,514	270,442	302,918
Total Expenditures	\$ 276,427	\$ 377,634	\$ 382,152	\$ 434,152
Revenues Over/(Under) Exp	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Mill Levy				
Operating	11.699	11.699	11.699	11.283
Debt Service	55.664	55.664	55.664	62.057
Town of Firestone IGA	5.000	5.000	5.000	5.000
Total Mill Levy	72.363	72.363	72.363	78.340
Assessed Value	\$9,026,871	\$10,955,982	\$10,955,982	\$ 11,048,388
Property Tax Revenue				
Operating	105,605	128,174	128,174	124,659
Debt Service	502,472	609,854	609,854	685,630
Town of Firestone IGA	45,134	54,780	54,780	55,242
Total Property Tax Revenue	\$ 653,211	\$ 792,808	\$ 792,808	\$ 865,531

ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
DEBT SERVICE FUND	2021	2022	2022	2023
	Audited	Adopted	Projected	Proposed
	Actual	Budget	Actual	Budget
Revenues				
Property Taxes	\$ 495,667	\$ 609,854	\$ 609,854	\$ 685,630
TIF Revenue	365,160	585,273	585,273	889,834
Specific Ownership	43,783	59,756	71,692	78,773
Transfer from District #3	93,008	74,039	74,039	153,847
Transfer from District #4	19,484	13,263	13,263	17,069
Interest Income	1,521	1,500	19,991	5,000
Total Revenues	\$ 1,018,623	\$ 1,343,685	\$ 1,374,112	\$ 1,830,153
Expenditures				
Series 2017 Bond Interest	\$ 1,663,938	\$ 1,663,938	\$ 1,663,938	\$ 1,663,938
Trustee/Paying Agent Fees	8,000	8,000	8,000	8,000
Treasurer's Fees	12,916	17,927	17,927	23,632
Total Expenditures	\$ 1,684,854	\$ 1,689,865	\$ 1,689,865	\$ 1,695,570
Revenues Over/(Under) Exp	\$ (666,231)	\$ (346,180)	\$ (315,753)	\$ 134,583
Beginning Fund Balance	5,264,886	5,375,415	4,598,655	4,282,902
Ending Fund Balance	\$ 4,598,655	\$ 5,029,235	\$ 4,282,902	\$ 4,417,485

ST. VRAIN LAKES METROPOLITAN DISTRICT NO. 2
2023 BUDGET MESSAGE

St. Vrain Lakes Metropolitan District No. 2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2006. The District was established as part of a “Multiple District Structure” in an unincorporated portion of Weld County, Colorado consisting of approximately 489.5 acres, and later annexed into the Town of Firestone, Colorado in 2015. Along with its companion District Nos. 1 (Service District) and 3-4 (“Financing Districts”), the District was organized to provide financing for managing the design, acquisition, installation, construction, financing, operating and/or maintaining public improvements. The public improvements are constructed for the use and benefit of all anticipated inhabitants, property owners, and taxpayers of the Districts and public in general.

The District has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2023 budget, the following goals are foremost for the District:

- Provide financing to District No. 1 for the operations and maintenance of the District.
- Provide for and comply with the District’s debt obligations.

General Fund

Revenues

The District had a final assessed valuation of \$11,048,388 and certified a mill levy of 11.283 for operations resulting in \$124,659 in property taxes and \$161,787 in TIF revenues (Urban Renewal Authority) through the Town of Firestone. Specific ownership taxes of \$14,322 also contribute to the amount available for transfer to District No. 1 for operations and maintenance. The District also certified a mill levy of 5.000 per an intergovernmental agreement with The Town of Firestone. Funds collected in property taxes and TIF revenues through this mill levy is \$55,242 and \$71,695 respectively.

Expenditures

The amount budgeted for treasurer’s fees, \$4,297, is subtracted from the revenues available for transfer to District No. 1, \$307,215 leaving \$302,918 budgeted as a transfer to District No. 1. Also budgeted is \$125,033 for payment to the Town of Firestone. This amount consists of total revenues available of \$126,937 less the associated treasurer’s fees of \$1,904.

Fund Balance/Reserves

The fund balance of the District's General Fund is budgeted at \$0 due to District No. 1 holding all TABOR reserves.

Debt Service Fund

Revenues

The District had a final assessed valuation of \$11,048,388 and certified a mill levy of 62.057 for debt obligations resulting in \$685,630. In addition to this property tax amount, TIF revenues from the Town of Firestone, specific ownership taxes, and service fee revenues from District Nos. 3 and 4 in the amounts of \$889,834, \$78,773, and \$170,916, respectively, add to the amount available for debt. These revenues plus interest income of \$5,000 total \$1,830,153 for 2023.

Expenditures

The District budgeted \$1,695,570 in expenditures primarily consisting of series 2017 bond interest payments of \$1,663,938. With budgeted revenues exceeding expenditures, there will be a surplus fund balance of \$134,583 which will leave an estimated 2023 ending fund balance/reserves of \$4,417,485.

Debt

On December 13, 2017, the District issued \$32,760,000 Limited Tax General Obligation Bonds, Series 2017A ("Series 2017A Bonds"), \$3,247,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B ("Series 2017B Bonds"), and \$7,283,746 Junior Lien Limited Tax General Obligation Bonds, Series 2017C ("Series 2017C Bonds"), (collectively "the Series 2017 Bonds").

The Series 2017A Bonds bear interest at rates ranging from 5.000% to 5.125%, payable semiannually on June 1 and December 1, mature on December 1, 2047. The Series 2017B Bonds bear interest at 7.625% and mature on December 15, 2047. The Subordinate Series 2017B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. The Series 2017C Bonds bear interest at 6.00% and mature on December 15, 2053. The 2017C Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 6.00%.

CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1434 - ST VRAIN LAKES METRO 2

IN WELD COUNTY ON 11/28/2022

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10,955,982
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$25,387,360
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$14,338,972
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$11,048,388
5. NEW CONSTRUCTION: **	\$4,822,380
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$530.42

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$329,893,999
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: †	\$69,386,432
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

† Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->

\$0

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES:

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **

\$30,919

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.

EXHIBIT C

2022 Audit

St. Vrain Lakes Metropolitan District No. 2

Year Ended December 31, 2022
with
Independent Auditor's Report

FINAL DRAFT

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St. Vrain Lakes Metropolitan District No. 2

Balance Sheet/Statement of Net Position
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:					
Cash and investments - restricted	\$ 216,423	\$ 3,665,584	\$ 3,882,007	\$ -	\$ 3,882,007
Receivable - County Treasurer	1,982	6,604	8,586	-	8,586
Due from District No. 1	-	643,730	643,730	-	643,730
Due from District No. 3	90	-	90	-	90
Due from District No. 4	16	-	16	-	16
Due from Firestone	-	1,566	1,566	-	1,566
Property taxes receivable	179,901	685,630	865,531	-	865,531
Total assets	\$ 398,412	\$ 5,003,114	\$ 5,401,526	-	5,401,526
Liabilities:					
Due to District No. 1	\$ 218,511	\$ -	\$ 218,511	-	218,511
Accrued interest	-	-	-	4,088,012	4,088,012
Long-term liabilities:					
Due in more than one year	-	-	-	43,290,746	43,290,746
Total liabilities	218,511	-	218,511	47,378,758	47,597,269
Deferred inflows of resources:					
Property tax revenue	179,901	685,630	865,531	-	865,531
Total deferred inflows of resources	179,901	685,630	865,531	-	865,531
Fund balances:					
Restricted for:					
Debt service	-	4,317,484	4,317,484	(4,317,484)	-
Total fund balances	-	4,317,484	4,317,484	(4,317,484)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 398,412	\$ 5,003,114	\$ 5,401,526		
Net position:					
Restricted for:					
Debt service				229,472	229,472
Unrestricted				(43,290,746)	(43,290,746)
Total Net Position				\$ (43,061,274)	\$ (43,061,274)

(See Notes to Basic Financial Statements)

St. Vrain Lakes Metropolitan District No. 2

Statement of Revenues, Expenditures and Changes in Fund
Balances/Statement of Activities - Governmental Funds
Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures:					
Transfer to Firestone - property taxes	\$ 106,664	\$ -	\$ 106,664	\$ -	\$ 106,664
Transfer to District No. 1	270,660	-	270,660	-	270,660
Treasurer's fees	5,425	17,970	23,395	-	23,395
Paying agent fees	-	7,998	7,998	-	7,998
Bond interest	-	1,663,938	1,663,938	886,653	2,550,591
Total expenditures	<u>382,749</u>	<u>1,689,906</u>	<u>2,072,655</u>	<u>886,653</u>	<u>2,959,308</u>
General Revenues:					
Property taxes	188,380	618,684	807,064	-	807,064
Specific ownership taxes	20,748	70,734	91,482	-	91,482
Transfer from District No. 3	-	74,696	74,696	-	74,696
Transfer from District No. 4	-	13,380	13,380	-	13,380
Investment earnings	340	51,946	52,286	-	52,286
TIF revenue	173,281	579,296	752,577	-	752,577
Total revenues	<u>382,749</u>	<u>1,408,736</u>	<u>1,791,485</u>	<u>-</u>	<u>1,791,485</u>
Net changes in fund balances	-	(281,170)	(281,170)	281,170	
Change in net position				(1,167,823)	(1,167,823)
Fund balances/net position - beginning of year	-	4,598,654	4,598,654	(46,492,105)	(41,893,451)
Fund balances/net position - end of year	<u>\$ -</u>	<u>\$ 4,317,484</u>	<u>\$ 4,317,484</u>	<u>\$ (47,378,758)</u>	<u>\$ (43,061,274)</u>

(See Notes to Basic Financial Statements)

St. Vrain Lakes Metropolitan District No. 2

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Property taxes	\$ 182,954	\$ 188,380	\$ 5,426
TIF revenue	175,580	173,281	(2,299)
Specific ownership taxes	19,000	20,748	1,748
Investment earnings	<u>100</u>	<u>340</u>	<u>240</u>
Total revenues	<u>377,634</u>	<u>382,749</u>	<u>5,115</u>
Expenditures:			
Treasurer's fees	5,378	5,425	(47)
Transfer to Firestone - property taxes	105,742	106,664	(922)
Transfer to District No. 1	<u>266,514</u>	<u>270,660</u>	<u>(4,146)</u>
Total expenditures	<u>377,634</u>	<u>382,749</u>	<u>(5,115)</u>
Net change in fund blance	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See Notes to Basic Financial Statements)

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the St. Vrain Lakes Metropolitan District No. 2 (the "District"), located in Weld 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 is a quasi-municipal corporation and political subdivision of the State of Colorado organized on November 29, 2006 under the State of Colorado Special District Act. The District was organized as part of a service plan establishing the District, St. Vrain Lakes Metropolitan District No. 1 ("District No. 1"), St. Vrain Lakes Metropolitan District No. 3 ("District No. 3"), and St. Vrain Lakes Metropolitan District No. 4 ("District No. 4"). The District, District No. 1, District No. 3, and District No. 4 are collectively referred to as the "St. Vrain Districts". District No. 1 is to be the service district and manages and oversees the permitted district activities. The District, District No. 3 and District No. 4 are the financing districts. The District was established to provide for the construction and financing of the public improvements for the use and benefit of the residents and property owners within the service area. The District is governed by an elected Board of Directors.

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

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

As of December 31, 2022, no component unit has been identified as reportable to the District, nor is the District a component unit of any other primary governmental entity.

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 government funds balance sheet/statement of net position and the statement of governmental fund revenues, expenditures and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. 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.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

The statement of net position reports all financial and capital resources of the District. The difference between (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 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 of 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when the District receives the cash.

The District reports the following major governmental funds:

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

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Budgets and 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 appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget 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 2022 budgets for each the General and Debt Service Fund reflect a negative ending balance of funds available. This may be a violation of state budget law.

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, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

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.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net 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 does not have any items that qualify for reporting in this category.

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

Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

The District has conveyed all of the capital improvements of the District to other governmental entities. As a result, the capital improvements owned by the District have been removed from the District's assets.

Long-term obligations

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

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Fund balances

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 inventory or prepaid expenses) or is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

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

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

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

2. 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 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.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

2. Property Taxes (continued)

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

3. Cash and Investments – restricted

Cash and investments – restricted as of December 31, 2022 are classified on the accompanying financial statements as follows:

Statement of net position:	
Cash and investments - restricted	\$ 3,882,007
Total cash and investments	<u>\$ 3,882,007</u>

Cash and investments – restricted as of December 31, 2022 consist of the following:

Investments	<u>\$ 3,882,007</u>
-------------	---------------------

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 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.

At December 31, 2022, the District had no cash deposits.

Investments

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

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

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

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

As of December 31, 2022, the District had the following investments:

Colorado Liquid Asset Trust (COLOTRUST)	\$	882,551
MSILF Treasury Fund		2,999,456
Total investments	\$	<u>3,882,007</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in two portfolios, COLOTRUST Prime and COLOTRUST Plus. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2022, the District has \$882,551 invested in COLOTRUST.

Morgan Stanley Institutional Liquidity Funds Treasury Portfolio

The District's funds that are included in the trust accounts at the UMB Bank are invested in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio ("MSILF Treasury Fund"). This fund is a money market fund and each share is equal in value to \$1.00. The fund 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 30 days or less. As of December 31, 2022, the District has \$2,999,456 invested in the fund, all of which was restricted for the repayment of bond principal and interest.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

3. Cash and Investments (continued)

Fair Value Measurement and Application

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; and Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. COLOTRUST is valued using the net asset value method ("NAV") per share and MSILF Treasury Fund's value is calculated using the amortized cost method.

4. Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	Balances at January 1, 2022	Additions	Reductions	Balances at December 31, 2022	Current Portion
Governmental Activities:					
General Obligation Bonds:					
Series 2017A	\$ 32,760,000	\$ -	\$ -	\$ 32,760,000	\$ -
Series 2017B	3,247,000	-	-	3,247,000	-
Series 2017C	7,283,746	-	-	7,283,746	-
Accrued Interest:					
Accrued interest series 2017A	138,662	138,662	(138,662)	138,662	-
Accrued interest series 2017B	1,125,033	333,368	-	1,458,401	-
Accrued interest series 2017C	1,937,664	553,285	-	2,490,949	-
Total	<u>\$ 46,492,105</u>	<u>\$ 1,025,315</u>	<u>\$ (138,662)</u>	<u>\$ 47,378,758</u>	<u>\$ -</u>

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

4. Long-Term Obligations (continued)

\$32,760,000 Limited Tax General Obligation Bonds, Series 2017A, \$3,247,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B, and \$7,283,746 Junior Lien Limited Tax General Obligation Bonds, Series 2017C

On December 13, 2017, the District issued \$32,760,000 Limited Tax General Obligation Bonds, Series 2017A ("Series 2017A Bonds"), \$3,247,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B ("Series 2017B Bonds"), and \$7,283,746 Junior Lien Limited Tax General Obligation Bonds, Series 2017C ("Series 2017C Bonds"), (collectively "the Series 2017 Bonds"). The Series 2017 Bonds were issued for the purpose of funding and reimbursing a portion of the costs of acquiring, constructing and installing certain public improvements, paying capitalized interest on the Series 2017A bonds, funding an initial deposit to the Series 2017A Surplus Fund and to pay the costs of issuing the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds.

The Series 2017A Bonds bear interest at rates ranging from 5.000% to 5.125%, payable semiannually on June 1 and December 1, and mature on December 1, 2047. The Series 2017A Bonds are secured by a required maximum mill levy of 55.277 mills, the portion of specific ownership taxes attributable to the property taxes used for debt service, capitalized interest of \$3,688,395 and to the extent excess pledged revenues are available, deposits will be made to a Surplus Fund, up to a maximum amount of \$6,552,000.

The Series 2017B Bonds bear interest at 7.625% and mature on December 15, 2047. The Subordinate Series 2017B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 7.625%. Payments toward interest and principal can be made provided the Series 2017A Bonds are current and the Surplus Fund for the Series 2017A Bonds is full. The District is required to impose the minimum required mill levy of 55.277 mills until the Series 2017B Bonds are fully paid or discharged on December 15, 2057; however, only revenues resulting from the number of mills equal to 55.277 mills less the Senior Required Mill Levy are pledged to payment of the Series 2017B Bonds.

The Series 2017C Bonds were authorized in the amount of \$12,200,000, but were only issued in the amount of \$7,283,746. The Series 2017C Bonds bear interest at 6.00% and mature on December 15, 2053. The 2017C Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 6.00%. Payments toward interest and principal can be made provided the Series 2017A Bonds are current and the Surplus Fund for the Series 2017A Bonds is full. The District is required to impose the minimum required mill levy of 55.277 mills until the Subordinate Series 2017C Bonds are fully paid or discharged on December 15, 2053.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

4. Long-Term Obligations (continued)

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2017A Bonds. Due to the uncertainty in the timing of the payments on the Series 2017B Bonds and Series 2017C Bonds, no summary is presented.

Year	Principal	Interest	Total
2023	\$ -	\$ 1,663,938	\$ 1,663,938
2024	-	1,663,938	1,663,938
2025	200,000	1,663,938	1,863,938
2026	480,000	1,653,938	2,133,938
2027	630,000	1,629,938	2,259,938
2028-2032	4,420,000	6,085,502	10,505,502
2033-2037	6,280,000	6,301,690	12,581,690
2038-2042	8,775,000	4,475,408	13,250,408
2043-2047	11,975,000	1,916,236	13,891,236
	<u>\$ 32,760,000</u>	<u>\$ 27,054,526</u>	<u>\$ 59,814,526</u>

Debt Authorization

On November 7, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,332,000,000, for capital purposes, at an interest rate not to exceed 18%. After the issuance of the Series 2017 Bonds, the remaining electoral authorization is \$1,295,993,000. The District has not budgeted to issue new debt during 2023. The District's Service Plan restricts the total outstanding debt of the District, and Districts No. 1, No. 3 and No. 4 to a combined amount of \$166,500,000. After the issuance of the Series 2017 Bonds, the District has \$123,209,254 of this authorization remaining.

5. Net Position

The District's net position consists of two components – restricted and unrestricted. Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

Restricted for debt service	<u>\$ 229,472</u>
Total restricted net position	<u><u>\$ 229,472</u></u>

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

5. Net Position (continued)

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

6. District Agreements

District Facilities Construction and Service Agreement ("Master IGA")

On June 12, 2007, the District entered into a District Facilities Construction and Service Agreement ("Master IGA") with District No. 1, District No. 3 and District No. 4. This Master IGA provides for the implementation of the principles and objectives set forth in the Districts' Service Plan regarding the financing, construction, operation and maintenance of the Districts' facilities. The Master IGA was superseded by (i) a Mill Levy Policy and Pledge Agreement dated as of November 9, 2016 (as subsequently amended and restated by the Amended and Restated Mill Levy Policy and Pledge Agreement dated as of December 1, 2017, the "Mill Levy Agreement"), among the St. Vrain Districts; and (ii) a District Operating Services Agreement dated as of November 9, 2016 (the "District Operating Services Agreement"), among the St. Vrain Districts.

Mill Levy Policy Agreement

On November 9, 2016, the District entered into the Mill Levy Policy and Pledge Agreement, as amended and restated, to establish an equitable allocation of the costs of providing and maintaining the public improvements throughout the development. The Mill Levy Agreement stipulates that any revenue collected by any of District Nos. 2, 3, and 4 from their respective debt service mill levies and specific ownership taxes which are not pledged for debt service purposes for their own obligations shall be pledged to District No. 1 for the payment of debt obligations of District No. 1.

District Operating Services Agreement

On November 9, 2016, the District entered into a District Operating Services Agreement which provides that District No. 1 will provide operational and maintenance services to District Nos. 2, 3, and 4, and District Nos. 2, 3, and 4 will impose an operations and maintenance mill levy and remit the proceeds thereof to District No. 1 to pay for such services.

Intergovernmental Agreement with the Town of Firestone

On December 9, 2015, the District entered into an Intergovernmental Agreement with the Town of Firestone (the "Town") and District No. 1, District No. 3 and District No. 4 whereby, commencing with the certification of a mill levy in 2015 for collection in 2016, each of the Districts agree to annually impose, collect, transfer, convey and remit to the Town all revenues generated from a levy of five (5) mills that shall be imposed upon all taxable property of each such District. Each District shall remit these funds monthly to the Town. The Town will place these funds in a separate account to be used to maintain regional parks, regional trails and public streets within or benefitting the property within the boundaries of the Districts.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

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

9. Tax, Spending and Debt Limitations

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

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

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

On November 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

St. Vrain Lakes Metropolitan District No. 2

Notes to Basic Financial Statements
Year Ended December 31, 2022

10. 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 have the following elements:

- 1) Long-term liabilities such as bonds payable and accrued bond 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 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; and
- 2) 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.

FINAL DRAFT

Accompanying Supplemental Information
(See Independent Auditor's Report)

FINAL DRAFT

St. Vrain Lakes Metropolitan District No. 2

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
Debt Service Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 609,854	\$ 618,684	\$ 8,830
TIF revenue	585,273	579,296	(5,977)
Specific ownership taxes	59,756	70,734	10,978
Transfer from District No. 3	74,039	74,696	657
Transfer from District No. 4	13,263	13,380	117
Investment earnings	1,500	51,946	50,446
Total revenues	1,343,685	1,408,736	65,051
Expenditures:			
Bond Interest	1,663,938	1,663,938	-
Paying agent fees	8,000	7,998	2
Treasurer's fees	17,927	17,970	(43)
Total expenditures	1,689,865	1,689,906	(41)
Net change in fund balance	(346,180)	(281,170)	65,092
Fund balance - beginning of year	4,634,943	4,598,654	(36,289)
Fund balance - end of year	<u>\$ 4,288,763</u>	<u>\$ 4,317,484</u>	<u>\$ 28,803</u>

St. Vrain Lakes Metropolitan District No. 2

Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected Year Ended December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Contractual	Total Property Tax		Percent Collected to Levied
		General	Debt Service		Levied	Collected	
2015	\$ 5,029,220	15.000	50.000	-	\$ 326,899	\$ 326,902	100.00%
2016	\$ 3,358,080	0.000	65.000	-	\$ 218,275	\$ 218,276	100.00%
2017	\$ 1,367,540	15.000	50.000	-	\$ 88,890	\$ 88,889	100.00%
2018	\$ 2,851,720	16.584	55.277	-	\$ 204,927	\$ 204,928	100.00%
2019	\$ 3,583,683	11.584	55.277	5.000	\$ 257,526	\$ 257,526	99.91%
2020	\$ 11,107,300	11.699	55.664	5.000	\$ 615,393	\$ 615,425	100.01%
2021	\$ 15,669,410	11.699	55.664	5.000	\$ 653,211	\$ 644,365	98.65%
2022	\$ 21,470,380	11.699	55.664	5.000	\$ 792,808	\$ 807,064	101.80%
Estimated for year ending December 31, 2023	\$ 25,387,360	11.283	62.057	5.000	\$ 865,531		

NOTE

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

FINAL DRAFT

Continuing Disclosure Annual Financial Information
(See Independent Auditor's Report)

FINAL DRAFT

St. Vrain Lakes Metropolitan District No. 2

Assessed Valuation of Classes of Property in the District – Unaudited
Year Ended December 31, 2022

<u>Property Class</u>	<u>Total Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Residential	\$22,397,030	88.22%
Commercial	19,070	0.08%
Vacant	2,142,600	8.44%
Oil & Gas	140,980	0.56%
State Assessed	684,880	2.70%
Agricultural	2,800	0.01%
Total	<u><u>\$25,387,360</u></u>	<u><u>100.00%</u></u>

FINAL DRAFT

St. Vrain Lakes Metropolitan District No. 2

Ten Largest Owners of Taxable Property within the District – Unaudited
Year Ended December 31, 2022

	Owner	2022 Assessed Valuation	% of Total Assessed Valuation ⁽¹⁾
1	BAREFOOT LLC	\$ 954,700	3.76%
2	LENNAR COLORADO LLC	421,800	1.66%
3	BAREFOOT RESIDENTIAL LLC	411,320	1.62%
4	KERR MCGEE GATHERING LLC	295,390	1.16%
5	UNITED POWER INC	259,250	1.02%
6	ANADARKO WATTENBERG OIL COMPLEX LLC	140,660	0.55%
7	BLACK HILLS COLORADO GAS, INC	105,790	0.42%
8	PRIVATE RESIDENT #1	66,750	0.26%
9	PRIVATE RESIDENT #2	57,320	0.23%
10	PRIVATE RESIDENT #3	49,530	0.20%
	Total	\$ 2,762,510	10.88%

(1) Source: Weld County Assessor's Office

FINAL DRAFT

St. Vrain Lakes Metropolitan District No. 2

Selected Debt Ratios of the District – Unaudited
Year Ended December 31, 2022

	<u>2017 A Senior Bonds Only</u>	<u>2017 A Senior Bonds and 2017B Subordinate Bonds Combined</u>
District Debt	\$ 32,760,000	\$ 36,007,000
2022 Assessed Valuation	\$ 25,387,360	\$ 25,387,360
Ratio of Direct Debt to 2022 Assessed Valuation	129.0%	141.8%
2022 Statutory "Actual" Value	\$ 332,598,837	\$ 332,598,837
Ratio of Direct Debt to 2022 Statutory "Actual" Value	9.8%	10.8%

FINAL DRAFT