STC METROPOLITAN DISTRICT NO. 2

Financial Statements

December 31, 2022

STC METROPOLITAN DISTRICT NO. 2

TABLE OF CONTENTS

Dazzio & Associates, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
STC Metropolitan District No. 2
Boulder County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the STC Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2022, 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 District, as of December 31, 2022, and the respective changes in financial position and the 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.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com
• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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.

Required Supplementary 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

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

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

Dazzio & Associates, P.C.

June 7, 2023

BASIC FINANCIAL STATEMENTS

STC METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

December 31, 2022

	Governmental Activities
Assets	
Cash and Investments	$ 30,411
Cash and Investments - Restricted	18,015,176
Accounts Receivable	9,485
Due from District No. 1	14,899
Due from District No. 3	2,109
Prepaid Expenses	6,492
Receivable from County Treasurer	4,279
Property Taxes Receivable	7,758
Tax Increment Taxes Receivable	2,667,987
Capital Assets Not Being Depreciated	96,072,089
Capital Assets, Net	1,979,835
Total Assets	118,810,520
Liabilities	
Accounts Payable	180,182
Accrued Interest Payable	361,604
Noncurrent Liabilities	
Due In More Than One Year	134,567,714
Total Liabilities	135,109,500
Deferred Inflows of Resources	
Deferred Property Tax	7,758
Deferred Tax Increment Taxes	2,656,368
Total Deferred Inflows of Resources	2,664,126
Net Position	
Net Investment In Capital Assets	1,979,835
Restricted for	
TABOR Reserve	10,500
Unrestricted	(20,953,441)
Total Net Position	$ (18,963,106)

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

STC METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Function/Program Activities	**Expenses**	**Permits, Fees, Fines, and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
General Government	$ 625,245	$ -	$ 266,802	$ -	$ (358,443)
Interest and Related Costs on Long-term Debt	6,464,465	-	-	989,351	(5,475,114)
Total Governmental Activities	$ 7,089,710	$ -	$ 266,802	$ 989,351	(5,833,557)
		General Revenues:			
		Property Taxes			919
		Specific Ownership Tax			16,898
		SURA Property Tax Increment			3,131,706
		Net Investment Income			308,007
		Miscellaneous			600
		Total General Revenues			3,458,130
		Changes In Net Position			(2,375,427)
		Net Position - Beginning			(16,587,679)
		Net Position - Ending			$ (18,963,106)

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

STC METROPOLITAN DISTRICT NO. 2

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	Debt Service	Capital Projects	Total
Assets				
Cash and Investments	$ 30,411	$ -	$ -	$ 30,411
Cash and Investments - Restricted	-	10,375,433	7,639,743	18,015,176
Accounts Receivable	9,485	-	-	9,485
Receivable from County Treasurer	317	3,962	-	4,279
Due from District No. 1	1,164	13,735	-	14,899
Due from District No. 3	382	1,727	-	2,109
Prepaid Expense	6,492	-	-	6,492
Due from Other Funds	-	30,804	28,154	58,958
Property Taxes Receivable	1,723	6,035	-	7,758
Tax Increment Taxes Receivable	62,462	2,605,525	-	2,667,987
Total Assets	$ 112,436	$ 13,037,221	$ 7,667,897	$ 20,817,554
Liabilities				
Accounts payable	$ 177,924	$ -	$ 2,258	$ 180,182
Due to Other Funds	58,958	-	-	58,958
Total Liabilities	236,882	-	2,258	239,140
Deferred Inflows of Resources				
Deferred Property Tax	1,723	6,035	-	7,758
Deferred Tax Increment Taxes	62,156	2,594,212	-	2,656,368
Total Deferred Inflows of Resources	63,879	2,600,247	-	2,664,126
Fund Balances				
Nonspendable				
Prepaid Expenses	6,492	-	-	6,492
Restricted for				
TABOR Reserve	10,500	-	-	10,500
Debt Service	-	10,436,974	-	10,436,974
Capital Projects	-	-	7,665,639	7,665,639
Unassigned	(205,317)	-	-	(205,317)
Total Fund Balances	(188,325)	10,436,974	7,665,639	17,914,288
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 112,436	$ 13,037,221	$ 7,667,897	$ 20,817,554

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

STC METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2022

Total Fund Balances - Governmental Funds		$ 17,914,288
Total net position reported for governmental activities in the statement of of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Capital Assets	$ 98,287,289	
Less Accumulated Depreciation	(235,365)	98,051,924
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Balances at December 31, 2022 are:		
Bonds Payable	(110,823,000)	
Bond Premium	(4,715,439)	
Accrued Interest on Bonds	(5,610,300)	
Developer Advance Payable	(12,840,963)	
Accrued interest payable on Developer advance	(939,616)	(134,929,318)
Net Position - Governmental Activities		$ (18,963,106)

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

STC METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General	Debt Service	Capital Projects	Total
Revenues				
Property Taxes	$ 204	$ 715	$ -	$ 919
Specific Ownership Tax	3,755	13,143	-	16,898
SURA Property Tax Increment	82,370	3,049,336	-	3,131,706
Transfer from District No. 1	175,671	878,339	-	1,054,010
Transfer from District No. 3	55,506	111,012	-	166,518
Parking Garage Cost Share	35,625	-	-	35,625
Net Investment Income	140	188,086	119,781	308,007
Miscellaneous	600	-	-	600
Total Revenues	353,871	4,240,631	119,781	4,714,283
Expenditures				
Current				
Accounting	33,651	-	-	33,651
Audit	14,000	-	-	14,000
Directors Fees	2,200	-	-	2,200
Insurance	22,242	-	-	22,242
Election	1,809	-	-	1,809
Legal	81,794	-	-	81,794
Management	30,400	-	-	30,400
Miscellaneous	2,903	-	-	2,903
Treasurers Fees	3	14	-	17
Utilities	29,935	-	-	29,935
Covenant Control	12,710	-	-	12,710
Landscaping	137,635	-	-	137,635
Parking Garage	4,319	-	-	4,319
Roads & Sidewalks	187,955	-	-	187,955
Miscellaneous Operations	8,309	-	-	8,309
Capital Outlay				
Construction Expenses	-	-	16,611,415	16,611,415
Debt Service				
Bond Interest	-	4,339,250	-	4,339,250
Paying Agent Fees	-	9,500	-	9,500
Total Expenditures	569,865	4,348,764	16,611,415	21,530,044
Excess Revenues Over (Under) Expenditures	(215,994)	(108,133)	(16,491,634)	(16,815,761)
Other Financing Sources (Uses)				
Developer Advances	-	-	11,762,775	11,762,775
Net Change in Fund Balances	(215,994)	(108,133)	(4,728,859)	(5,052,986)
Fund Balances - Beginning	27,669	10,545,107	12,394,498	22,967,274
Fund Balances - Ending	$ (188,325)	$ 10,436,974	$ 7,665,639	$ 17,914,288

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

STC METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds	$	(5,052,986)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.		
Capital outlay		16,611,415
Depreciation Expense		(55,380)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:		
Developer advances		(11,762,775)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Accrued interest on Developer advances		(553,920)
Accrued interest on bonds - Change in liability		(1,875,392)
Amortization of bond premium		313,611
Change in Net Position - Governmental Activities	$	(2,375,427)

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

STC METROPOLITAN DISTRICT NO. 2

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

GENERAL FUND

For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual
Revenues					
Property Taxes	$ 124	$ 124	$ 204	$ 80	$ 127
Specific Ownership Tax	4,957	4,957	3,755	(1,202)	4,213
SURA Property Tax Increment	82,621	82,621	82,370	(251)	83,612
Transfer from District No. 1	169,381	169,381	175,671	6,290	115,118
Transfer from District No. 3	53,328	53,328	55,506	2,178	3,740
Parking Garage Cost Share	7,725	37,725	35,625	(2,100)	17,110
Net Investment Income	3,500	3,500	140	(3,360)	25
Miscellaneous	-	129,098	600	(128,498)	100
Total Revenues	321,636	480,734	353,871	(126,863)	224,045
Expenditures					
Administrative					
Accounting	32,000	32,000	33,651	(1,651)	29,344
Audit	15,000	15,000	14,000	1,000	14,000
Directors Fees	3,600	3,600	2,200	1,400	5,200
Insurance	25,750	25,750	22,242	3,508	21,753
Election	10,000	10,000	1,809	8,191	-
Legal	45,000	85,018	81,794	3,224	44,880
Management	51,500	51,500	30,400	21,100	37,872
Miscellaneous	3,000	3,000	2,903	97	3,574
Treasurers Fees	3	3	3	-	2
Payroll Taxes	300	300	-	300	291
Utilities	24,720	24,720	29,935	(5,215)	19,396
Covenant Control	12,000	12,000	12,710	(710)	6,574
Contingency	8,511	8,511	-	8,511	-
Emergency Reserve	11,652	-	-	-	-
Operations and Maintenance					
Landscaping	61,800	135,000	137,635	(2,635)	65,141
Parking Garage	15,450	15,450	4,319	11,131	9,685
Roads & Sidewalks	77,250	137,250	187,955	(50,705)	64,155
Miscellaneous Operations	5,150	5,150	8,309	(3,159)	2,112
Reserve	5,891	5,891	-	5,891	-
Total Expenditures	408,577	570,143	569,865	278	323,979
Excess Revenues Over (Under) Expenditures	(86,941)	(89,409)	(215,994)	(126,585)	(99,934)
Other Financing Sources					
Developer Advances	85,000	85,000	-	(85,000)	-
Net Change in Fund Balance	(1,941)	(4,409)	(215,994)	(211,585)	(99,934)
Fund Balance - Beginning	4,409	4,409	27,669	23,260	127,603
Fund Balance - Ending	$ 2,468	$ -	$ (188,325)	$ (188,325)	$ 27,669

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

Note 1 – Definition of Reporting Entity

The STC Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court for Boulder County recorded on December 5, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is one of three related districts: STC Metropolitan District Nos. 1, 2 and 3 (individually, District No. 1 and District No. 3, and collectively with the District, the Districts).

The District operates under a Service Plan approved by the Town of Superior (the Town) on May 13, 2013 and amended on April 6, 2014. Pursuant to the Service Plan, the District and District No. 3 are referred to as the Financing Districts and District No. 1 is the Management District. The Management District is responsible for managing, implementing and coordinating the financing, construction, and the operation and maintenance of all public infrastructure and services within and without the project known as Superior Town Center. The Financing Districts provide the funding for the improvements and the tax base needed to support ongoing operations of the Districts. On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement whereby the District took over the responsibilities of the Management, or Operating District, and District No. 1 became a financing District (see Note 6).

The District's service area boundaries are located entirely within the Town and the Superior Urban Renewal Area.

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenue*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

Capital Projects Fund – This fund is used to account for financial resources earmarked or segregated for the acquisition and construction of major capital facilities and other project-oriented activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

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

The District has amended its budget for the year ended December 31, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single 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 and investments. Investments are carried at fair value.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life of 40 years.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property Taxes

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

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

Deferred 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 assets 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. Accordingly, one item, unavailable revenue – property tax, is reported in both the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as inflow of resources in the period that the amounts become available.

Long-term Obligations and Original Issue Discount

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

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

Fund 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 *prepaid amounts*) or legally or contractually required to be maintained intact.

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

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

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

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

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

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of incremental property taxes and developer advances in 2023.

Note 3 – Cash and Investments

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

	Unrestricted	Restricted	Total
Cash	$ 30,411	$ -	$ 30,411
Investments	-	18,015,176	18,015,176
Total	$ 30,411	$ 18,015,176	$ 18,045,587

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. 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 ($250,000) 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 institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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 a bank balance of $33,541and a carrying balance of $30,411.

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

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

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

At December 31, 2022, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (Colotrust PLUS+)	Weighted average under 60 days	$ 18,015,176

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

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

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. As of December 31, 2022, COLOTRUST EDGE possessed a weighted average maturity of 124 days and a weighted average life of 166 days.

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

Restricted Cash and Investments

At December 31, 2022, cash and investments in the amount of $18,015,176 are restricted. This includes cash and investments held by the Debt Service Fund for bond reserves and bond principal and interest payments (see Note 5).

Note 4 – Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in Progress	$ 79,460,674	$ 16,611,415	$ -	$ 96,072,089
Capital assets not being depreciated				
Parking Structure	2,215,200	-	-	2,215,200
Less accumulated depreciation for:				
Parking Structure	(179,985)	(55,380)	-	(235,365)
Net total depreciable assets	2,035,215	(55,380)	-	1,979,835
Governmental activities capital assets, net	$ 81,495,889	$ 16,556,035	$ -	$ 98,051,924

Note 5 – Long-Term Obligations

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Limited Tax					
Bonds, Series 2019A	$ 90,790,000	$ -	$ -	$ 90,790,000	$ -
Series 2019A Premium	5,029,050	-	313,611	4,715,439	-
General Obligation Limited Tax					
Bonds, Series 2019B (3)	19,770,000	-	-	19,770,000	-
General Obligation Limited Tax					
Bonds, Series 2020C	263,000	-	-	263,000	-
Accrued and Unpaid					
Interest - 2019B (3)	3,347,552	1,849,404	-	5,196,956	-
Accrued and Unpaid					
Interest - 2020C	25,752	25,988	-	51,740	-
Developer Advances:					
Capital	-	11,762,775	-	11,762,775	-
Operating	1,078,188	-	-	1,078,188	-
Developer Advance Accrued Interest:					
Capital	-	456,883	-	456,883	-
Operating	385,696	97,037	-	482,733	-
	$ 120,689,238	$ 14,192,087	$ 313,611	$ 134,567,714	$ -

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

General Obligation Bonds

Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2019A, dated December 19, 2019 (the 2019A Senior Bonds) in the original amount of $90,790,000 with interest rates ranging from 3.00% to 5.00%, payable semiannually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The 2019A Bonds mature on December 1, 2049, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00%
December 1, 2026, to November 30, 2027	1.00%
December 1, 2027, and thereafter	0.00%

The proceeds from the sale of the 2019A Senior Bonds and 2019B Subordinate Bonds, as hereinafter defined, were used for the purposes of: (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Senior Bonds; (iii) funding a Reserve Fund securing the Senior Bonds; refunding the Series 2015 Bonds and; (iv) paying costs of issuance of the Senior and Subordinate Bonds.

The 2019A Senior Bonds, as hereinafter defined, are limited tax general obligations of the District secured by and payable solely from the Pledged Revenue, generally consisting of: (a) all District Property Tax Revenue, generally comprised of the revenues resulting from imposition by the Districts of the applicable Required Mill Levy pursuant to the Capital Pledge Agreement, including the portion thereof constituting TC Increment (i.e., tax increment revenues) payable to the District by SURA in accordance with the Cost Sharing Agreement; ; (b) all Specific Ownership Tax Revenues; (c) all SURA Pledged Revenue (comprised of certain property tax increment revenues payable to the District in accordance with the Cost Sharing Agreement); (d) all PILOT Revenue (constituting certain payments in lieu of taxes) if any; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The 2019A Senior Bonds Indenture requires the Districts impose a Required Mill Levy, as defined in the Amended and Restated Capital Pledge Agreement dated as of December 1, 2019, in an amount sufficient to pay the principal of and interest on the 2019A Senior Bonds, up to a maximum mill levy as follows: (a) with respect to District No. 1, 50 mills (Gallagher-Adjusted); (b) with respect to District No. 2 (the Issuing District): (i) prior to and including levy year 2023, 35 mills (Gallagher-Adjusted), and (ii) commencing with levy year 2024, 44 mills (Gallagher-Adjusted); and (c) with respect to

District No. 3: (i) prior to and including levy year 2023, 20 mills (Gallagher-Adjusted), and (ii) commencing with levy year 2024, 29 mills (Gallagher-Adjusted). For the levy year 2021, District No. 1, the District and District No. 3, levied 55.664, 35.000 and 20.000 mills, respectively, for collection in 2022.

The 2019A Senior Bonds are also secured by amounts held in the Senior Reserve Fund, which was funded upon issuance of the 2019A Senior Bonds in the amount of the Required Reserve equal to $7,046,563, and amounts accumulated in the Surplus Fund, if any. Pledged Revenue that is not needed to pay debt service on the 2019A Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of $9,079,000. The Surplus Fund is to be maintained for so long as any Bonds are outstanding. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds shall be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Required Mill Levy to be imposed in 2048 for collection in 2049. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Required Mill Levy.

Outstanding bond principal and interest mature as follows:

	Principal	Interest	Total
2023	$ -	$ 4,339,250	$ 4,339,250
2024	1,105,000	4,339,250	5,444,250
2025	2,230,000	4,306,100	6,536,100
2026	3,075,000	4,239,200	7,314,200
2027	3,200,000	4,116,200	7,316,200
2027-2031	19,540,000	18,357,100	37,897,100
2032-2036	26,860,000	12,893,500	39,753,500
2037-2041	12,565,000	6,966,750	19,531,750
2042-2046	10,145,000	4,603,000	14,748,000
2047-2049	12,070,000	1,084,500	13,154,500
	$ 90,790,000	$ 65,244,850	$ 156,034,850

Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2019B(3) Dated December 19, 2019 (the 2019B Subordinate Bonds) in the original amount of $19,770,000 with interest of 8.00%, payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2020. The 2019B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Subordinate Pledged Revenue are those revenues available after the payment of all amounts due on the 2019B Subordinate Bonds, including funding the Senior Reserve Fund and the Surplus Fund as required in the Indenture. Unpaid interest on the 2019B Subordinate Bonds compounds annually on each December 15. The 2019B Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, on

December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2024, to November 30, 2025	3.00%
December 1, 2025, to November 30, 2026	2.00%
December 1, 2026, to November 30, 2027	1.00%
December 1, 2027, and thereafter	0.00%

In the event that, on December 15, 2059 any amount of principal of or interest on the 2019B Subordinate Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the 2019B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof is to be deemed discharged.

Due to the uncertainty of the timing of the principal and interest payments on the 2019B Subordinate Bonds, a schedule of the timing of these payments is not available.

Junior Limited Tax General Obligation Bonds, Series 2020C, in the total maximum principal amount of $16,215,000 (the "Series 2020C Junior Bond"), and the **Taxable Junior Limited Tax General Obligation Bond, Series 2020D**, in the total maximum principal amount of $18,958,000 (the "Series 2020D Junior Bond", dated December 2, 2020 (together the 2020 Junior Bonds) with interest of 9.00%, payable annually from the Junior Pledged Revenue on December 16, beginning on December 16, 2020. The 2020 Junior Bonds are structured as draw-down obligations in order to finance or reimburse the costs of certain public improvements authorized by the Issuer's Service Plan. There are no scheduled payments of principal or interest prior to the final maturity date of June 1, 2060. Junior Pledged Revenue are those revenues available after amounts are applied to the 2019A Senior Bonds and the 2019B Subordinate Bonds. To the extent interest on the Series 2020C Bond is not paid when due, such interest shall compound annually on each December 16. To the extent interest on the Series 2020D Junior Bond is not paid when due, such interest shall continue to accrue, but shall not compound.

On December 2, 2020 the District made the initial draw on the 2020C Junior Bond in the amount of $263,000.

The 2020C/D Junior Bonds are also subject to redemption prior to maturity, at the option of the District, on December 16, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 16, 2024, to December 15, 2025	3.00%
December 16, 2025, to December 15, 2026	2.00%
December 16, 2026, to December 15, 2027	1.00%
December 16, 2027, and thereafter	0.00%

In the event that, on December 16, 2090 any amount of principal of or interest on the 2020 Junior Bonds remains unpaid after application of all Junior Pledged Revenue available therefor in accordance with the Junior Indenture, the 2020 Junior Bonds and the lien of the Junior Indenture securing payment thereof is to be deemed discharged.

Due to the uncertainty of the timing of the principal and interest payments on the 2020 Junior Bonds, a schedule of the timing of these payments is not available.

Developer Advances

The District entered into an Operation Funding Agreement and a Facilities Funding and Acquisition Agreement with the Developer as follows:

Operation Funding Agreement (OFA)

On November 3, 2014, and amended on March 6, 2019, with an effective date of January 1, 2015, the District entered into an OFA with RC Superior, LLC. (the Developer). The OFA provides that the District will reimburse the Developer for any advances made to the District for operations and maintenance expenses for fiscal years 2015 through 2019, up to $1,100,000, together with interest at a rate of 9% per annum. On December 9, 2019, with an effective date of January 1, 2015, the District entered into Amended and Restated Operation Funding Agreement with the Developer (Amended OFA) which amends and restates the OFA. The Amended OFA provides that the District will reimburse the Developer for any advances made to the District for operations and maintenance expenses for fiscal years 2015 through 2020, up to $900,000, together with interest at a rate of 9% per annum. On January 6, 2021, with an effective date of January 1, 2015, the District entered into a First Amendment to the Amended and Restated Operation Funding Agreement with the Developer (the Amendment) which amends the Amended OFA. The Amendment provides that the District will reimburse the Developer for any advances made to the District for operations and maintenance expenses for fiscal years 2015 through 2021, up to $1,115,000, together with interest at a rate of 9% per annum.

The obligation of the Developer to advance funds under the Amended OFA expires on December 31, 2060. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the Amended OFA on or before December 31, 2060, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. At December 31, 2022, the total amount advanced was $1,078,188, plus accrued interest of $482,733.

Facilities Funding and Acquisition Agreement (FFAA)

On November 3, 2014, with an effective date of January 1, 2014, the District entered into a FFAA with the Developer. The FFAA provides that the District will reimburse the Developer for any advances made to the District for organization expenses (Organization Expenses) and construction related expenses (Construction Expenses) associated with the costs of improvements to be provided by the District for the period commencing January 1, 2014 through December 31, 2017, up to the Annual Shortfall Amount for each budget year, as determined during the District’s budget process. For budget year 2015, the estimated Annual Shortfall Amount was $200,000.

For advances made for Organization Expenses, interest shall accrue from the date of organization of the District until paid at the rate nine percent (9%) per annum, compounded annually. For Construction Expenses, interest shall accrue on each Developer Advance from the date of deposit into the District's account until paid at the rate of nine percent (9%) per annum, compounded annually. The Parties agree that payments by the District to the Developer shall credit first against accrued and unpaid interest and then to the principal amount due.

On October 9, 2018, the FFAA was amended (First Amendment) to change the Annual Shortfall Amount to a cumulative Annual Shortfall Amount (Cumulative Shortfall Amount) for the budget years 2015 through 2018 to the amount of $19,147,234.

The District and Developer entered into a real estate contract (MOB Parking Structure) dated October 9, 2018 (PSA) where the District purchased a parking structure from the Developer in the amount of $2,215,200. The PSA provides that this amount be added to the amounts payable under the FFAA. Reimbursement of costs under the FFAA is contingent upon the Town’s approval that the cost of the parking structure are considered eligible costs under the Cost Sharing Agreement (see Note 6). On July 22, 2019, the Town approved reimbursement by the District of the purchase price of the MOB Parking Structure.

On March 6, 2019, with an effective date of January 1, 2014, the FFAA was amended (Second Amendment) to change the Cumulative Shortfall Amount to $25,100,000 for budget years 2015 through 2019.

On December 1, 2019, with an effective date of January 1, 2014, the District entered into an Amended and Restated Facilities Funding and Acquisition Agreement (Restated FFAA) to change the Cumulative Shortfall Amount to $60,000,000 for budget years 2014 through 2020.

On December 22, 2022, the District entered into the First Amendment to the Amended and Restated Facilities Funding and Acquisition Agreement to change the Cumulative Shortfall Amount to $66,000,000 for budget years 2014 through 2023.

The Town, by letter dated September 23, 2019, found certain System Development Fees to be for public infrastructure and therefore the expenses incurred by the Developer in paying the System Development Fees are reimbursable to the Developer under the Restated FFAA.

In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Restated FFAA on or before December 31, 2054, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

During the year ended December 31, 2019, $10,661,225 was advanced under the Restated FFAA, including the cost of the MOB Parking Structure described above and the District reimbursed the Developer $33,408,021, including $4,540,536 of accrued interest.

As of December 31, 2022, outstanding advances amounted to $11,762,775 under the Restated FFAA, plus accrued interest of $456,883.

Facilities Acquisition and Reimbursement Agreement

On December 31, 2020, the District entered into a Facilities Acquisition and Reimbursement Agreement (FARA) with the Developer and CP VII Superior, LLC (the Purchaser) whereby the District agreed to reimburse the Purchaser for certain Parking Improvements up to a maximum amount of $4,365,000 and certain Internal Civic Space Improvements up to a maximum amount of $3,160,000. Reimbursement is subject to the certification of costs by an independent engineer that the costs are qualified public improvements under the District's Service Plan and the Cost Sharing Agreement discussed previously. On January 13, 2023, the District approved The First Amendment to Facilities Acquisition and Reimbursement Agreement (Amended FARA). The Amended FARA acknowledges that no bond proceeds will be available to the District to reimburse the Purchaser for Certified Construction Costs and therefore, the parties wish to amend the FARA provisions to provide that the District's obligation to reimburse the Purchaser for the Parking Improvements and Civic Space Improvements shall be discharged through the Developer's reimbursement of such costs and, in connection therewith, to establish a $7,525,000 escrow to be held by Land Title Guarantee Company and to allow Purchaser to be reimbursed from such escrow instead of by the District.

Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of $1,305,000,000, at an interest rate not to exceed 9% per annum, for the construction of capital improvements, with an additional $290,000,000 for refunding debt. The voters also authorized debt of $145,000,000 each for the cost of operating and maintaining the District's systems and for intergovernmental agreements.

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2013	2015 Series A & B Limited Tax GO Bonds	2019A Limited Tax GO Bonds	2019B(3) Limited Tax GO Bonds	2020C/D Limited Tax GO Bonds	Authorized but Unissued
Streets	$ 145,000,000	$ 12,195,885	$ 49,991,322	$ 14,974,426	$ 184,779	$ 67,653,588
Parks and Recreation	145,000,000	144,330	6,082,936	1,822,086	19,276	136,931,372
Water	145,000,000	2,092,785	4,051,277	1,213,522	17,619	137,624,797
Sanitation/Storm	145,000,000	9,622,000	5,875,553	1,759,966	41,326	127,701,155
Public Transportation	145,000,000	-	-	-	-	145,000,000
Mosquito Control	145,000,000	-	-	-	-	145,000,000
Traffic and Safety	145,000,000	-	-	-	-	145,000,000
Fire Protection	145,000,000	-	-	-	-	145,000,000
Television Relay	145,000,000	-	-	-	-	145,000,000
Operations and Maintenance	145,000,000	-	-	-	-	145,000,000
Intergovernmental Agreements	145,000,000	-	-	-	-	145,000,000
Refundings	290,000,000	-	2,293,903	-	-	287,706,097
	$ 1,885,000,000	$ 24,055,000	$ 68,294,991	$ 19,770,000	$ 263,000	$ 1,772,617,009

The Service Plan limits the total principal amount of obligations the District may issue to $145,000,000. Additionally, the Maximum Debt Mill levy is 50.000 mills while the aggregate District's debt exceeds fifty percent (50%) of the District's assessed valuation. With prior Town Board consent, for the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

Note 6 – District Agreements

Cost Sharing Agreement

On October 18, 2013, the Districts entered into a Cost Sharing Agreement (CSA) with the Superior Urban Renewal Authority (SURA) and RC Superior, LLC (the Developer). The CSA provides that tax increment revenues received by the SURA, net of Rocky Mountain Fire Protection District and collection fees, be disbursed to the District as pledged revenues for any bonds or other financial obligations issued by the District.

Capital Pledge Agreement

On April 14, 2015, the District issued $17,055,000 Limited Tax General Obligation Senior Bonds, Series 2015A and $7,000,000 Limited Tax General Obligation Subordinate Bonds, Series 2015B (the Bonds). In connection with the Bonds, the District and District No. 1 entered into a Capital Pledge Agreement dated April 1, 2015 whereby District No. 1 agrees to impose the District No. 1 Required Mill Levy, generally equal to 50 mills, subject to the limitations and adjustments described in the 2015 Bond Indenture (see Note 5), and assign and remit to the District all revenues resulting from the imposition of the District No. 1 Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 to pay a portion of the principal of and interest on the Bonds commencing in 2016 and each year thereafter so long as the Bonds remains outstanding.

On December 19, 2019, the District issued $90,790,000 Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2019A, and $19,770,000 Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2019B(3) (the 2019 Bonds). In connection with the Bonds, the Districts entered into an Amended and Restated Capital Pledge Agreement dated December 1, 2019 whereby the Districts agree to impose up to a maximum mill levy as follows: (a) with respect to District No. 1, 50 mills (Gallagher-Adjusted); (b) with respect to District No. 2 (the Issuing District): (i) prior to and including levy year 2023, 35 mills (Gallagher-Adjusted), and (ii) commencing with levy year 2024, 44 mills (Gallagher-Adjusted); and (c) with respect to District No. 3: (i) prior to and including levy year 2023, 20 mills (Gallagher-Adjusted), and (ii) commencing with levy year 2024, 29 mills (Gallagher-Adjusted); subject to the limitations and adjustments described in the 2019A Senior and 2019B Subordinate Bond Indenture (see Note 5), and assign and remit to the District all revenues resulting from the imposition of the District No. 1 and District No. 3 Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of District No. 1 and District No. 3 to pay a portion of the principal of and interest on the Bonds commencing in 2020 and each year thereafter so long as the Bonds remains outstanding.

On December 2, 2020, District No. 2 issued the total maximum principal amount of $16,215,000 Junior Limited Tax General Obligation Bonds, Series 2020C and the total maximum principal amount of $18,958,000 Taxable Junior Limited Tax General Obligation Bond, Series 2020D (the 2020 Bonds). The 2020 Bonds are limited tax general obligations and revenue obligations of the District and shall be payable solely from the Junior Pledged Revenue as defined above, which includes amounts derived under the Capital Pledge Agreement.

Further, pursuant to the Urban Renewal Act and Superior Urban Renewal Plan, until the tax increment expiration date, the District Property Tax Increment Revenues are payable to SURA and that, pursuant to the Cost Sharing Agreement, SURA has agreed to disburse the District Property Tax Increment Revenues on a monthly basis to such persons or entities as may be designated by the Designated Representative (as defined in the Cost Sharing Agreement). The Pledged Revenues, including the District Property Tax Increment Revenues attributable to the District No. 1 and District

No. 3 Required Mill Levy, are pledged by District No. 1 and District No. 3 to the District for the payment of principal and interest on the Bonds.

Facilities Funding, Construction and Operation Agreement (FFCO Agreement)

On January 1, 2015, the Districts entered into a Facilities Funding, Construction and Operation Agreement (FFCO Agreement). The FFCO Agreement entirely replaced and superseded the Memorandum of Understanding (the District MOU) dated December 13, 2013, whereby the Districts agreed that District No. 1 would provide for the construction, design, operation and maintenance of the District Improvements, as well as the overall administration of the Districts.

The FFCO Agreement designates the District as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and District No. 1 and District No. 3 will contribute to those costs. District No. 1 and District No. 3 shall remit to the District their respective property tax revenue, specific ownership taxes and any other legally available revenue.

Additionally, the Districts agree that the District assumes the obligations of District No.1 with respect to Developer Advances made pursuant to the 2013 – 2014 Operation Funding Agreement dated December 11, 2013 between District No. 1 and the Developer and the Facilities Funding and Acquisition Agreement dated December 11, 2013 between District No. 1 and the Developer (see Note 5).

Public Improvement Fees

Pursuant to the Declaration of Covenants Imposing and Implementing the Superior Town Center Public Improvement Fees and Payment in Lieu of Taxes, recorded on April 14, 2015, as amended by that certain First Amendment to the Declaration of Covenants Imposing and Implementing the Superior Town Center Public Improvement Fees and Payment in Lieu of Taxes recorded on May 16, 2016 (the Original PIF/PILOT Covenant) against certain property within the District, the owner of the subject property is obligated to pay public improvement fees (PIF) to the District. Revenues derived from the PIF are pledged for the payment of the 2015 Bonds (see Note 5). The PIF is the amount payable annually for years 2015 through 2044. At the time of the Original PIF/PILOT Covenant, the Developer was the owner of all the property subject to the terms of the original PIF/PILOT Covenant.

An Amended and Restated Declaration of the Superior Town Center Public Improvement Fees and Payment in Lieu of Taxes was recorded on December 19, 2019 to restate and replace the Original PIF/PILOT Covenant and eliminates the imposition of the PIF on the PIF Property Owner but continues to impose the PILOT on property included in the boundaries of District No. 1, District No. 2 or District No. 3.

Note 7 – Net Position

The District's net position consists of three components: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets	
Capital assets, net	$ 2,035,215

Restricted net position includes assets that are 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 Net Position - Emergency Reserves	$ 10,500

The District had restricted net position of $10,500 as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 11).

The District has a deficit in unrestricted net position. The deficit is a result of certain debt and operating related expenses funded with bond proceeds and developer advances.

Note 8 – Related Party

The members of the Board of Directors of the District may be or have been employees, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Note 9 – Economic Dependency

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon actions by the Developer to advance funds for operations of the District.

Note 10 – 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 natural disasters.

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

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

Note 11 – Tax, Spending and Debt Limitations

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

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

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

On November 5, 2013, the voters approved the District to increase property taxes $2,000,000 annually for the purpose of paying the District's operations, maintenance expenses and capital expenses, without regard to any spending, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other property tax limitation or law.

Additionally, the voters authorized the District to collect, retain and spend all revenues received by the District during 2014 and all subsequent years as voter-approved revenue changes without regard to any spending, revenue raising or other limitation.

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

SUPPLEMENTARY INFORMATION

STC 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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual
Revenues					
Property Taxes	$ 432	$ 432	$ 715	$ 283	$ 446
SURA Property Tax Increment	2,259,524	2,259,524	3,049,336	789,812	2,365,568
Specific Ownership Tax	19,064	19,064	13,143	(5,921)	14,747
Transfer from District No. 1	863,025	863,025	878,339	15,314	575,578
Transfer from District No. 3	111,356	111,356	111,012	(344)	7,481
Net investment income	90,000	90,000	188,086	98,086	4,615
Total Revenues	3,343,401	3,343,401	4,240,631	897,230	2,968,435
Expenditures					
Debt service					
Interest	4,339,250	4,339,250	4,339,250	-	4,339,250
Miscellaneous	500	500	-	500	-
Treasurer's Fees	6	6	14	(8)	9
Paying Agent Fees	8,000	9,500	9,500	-	9,500
Total Expenditures	4,347,756	4,349,256	4,348,764	492	4,348,759
Net Change in Fund Balance	(1,004,355)	(1,005,855)	(108,133)	897,722	(1,380,324)
Fund Balance - Beginning	10,460,952	10,460,952	10,545,107	84,155	11,925,431
Fund Balance - Ending	$ 9,456,597	$ 9,455,097	$ 10,436,974	$ 981,877	$ 10,545,107

See the Independent Auditor's Report

STC 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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual
Revenues				
Net Investment Income	$ 400,000	$ 119,781	$ (280,219)	$ 10,366
Expenditures				
Current				
Legal	3,500	-	3,500	217
Capital Outlay				
Construction Expenses	28,230,000	16,611,415	11,618,585	21,788,651
Costs of Issuance	-	-	-	6,070
Total Expenditures	28,233,500	16,611,415	11,622,085	21,794,938
Excess Revenues Over (Under) Expenditures	(27,833,500)	(16,491,634)	11,341,866	(21,784,572)
Other Financing Sources (Uses)				
Bond Proceeds	15,674,000	-	(15,674,000)	-
Developer Advances	-	11,762,775	11,762,775	-
Total Other Financing Sources (Uses)	15,674,000	11,762,775	(3,911,225)	-
Net Change in Fund Balance	(12,159,500)	(4,728,859)	7,430,641	(21,784,572)
Fund Balance - Beginning	12,159,500	12,394,498	234,998	34,179,070
Fund Balance - Ending	$ -	$ 7,665,639	$ 7,665,639	$ 12,394,498

See the Independent Auditor's Report

OTHER INFORMATION

STC METROPOLITAN DISTRICT NO. 2

Schedule of Future Debt Service Requirements
December 31, 2022

$90,790,000 Limited Tax General Obligation and Special Revenue
Refunding and Improvement Bonds
Series 2019A

Year	Rate	Principal	Interest	Total
2023	-	$ -	$ 4,339,250	$ 4,339,250
2024	3.000	1,105,000	4,339,250	5,444,250
2025	3.000	2,230,000	4,306,100	6,536,100
2026	4.000	3,075,000	4,239,200	7,314,200
2027	4.000	3,200,000	4,116,200	7,316,200
2028	4.000	3,470,000	3,988,200	7,458,200
2029	4.000	3,610,000	3,849,400	7,459,400
2030	5.000	3,905,000	3,705,000	7,610,000
2031	5.000	4,100,000	3,509,750	7,609,750
2032	5.000	4,455,000	3,304,750	7,759,750
2033	5.000	4,680,000	3,082,000	7,762,000
2034	5.000	5,070,000	2,848,000	7,918,000
2035	5.000	5,325,000	2,594,500	7,919,500
2036	5.000	5,750,000	2,328,250	8,078,250
2037	5.000	6,035,000	2,040,750	8,075,750
2038	5.000	6,500,000	1,739,000	8,239,000
2039	5.000	1,355,000	1,414,000	2,769,000
2040	5.000	1,475,000	1,346,250	2,821,250
2041	5.000	1,550,000	1,272,500	2,822,500
2042	5.000	1,685,000	1,195,000	2,880,000
2043	5.000	1,770,000	1,110,750	2,880,750
2044	5.000	1,915,000	1,022,250	2,937,250
2045	5.000	2,010,000	926,500	2,936,500
2046	5.000	2,170,000	826,000	2,996,000
2047	5.000	2,280,000	717,500	2,997,500
2048	5.000	2,450,000	603,500	3,053,500
2049	5.000	9,620,000	481,000	10,101,000
		$ 90,790,000	$ 65,244,850	$ 156,034,850