

## STC METROPOLITAN DISTRICT NO. 3

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 . 800-741-3254  
Fax: 303-987-2032  
<https://www.colorado.gov/pacific/stcmd>

### **NOTICE OF SPECIAL MEETING AND AGENDA**

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
James A. Brzostowicz	President	2023/May 2023
Angie Hulsebus	Treasurer	2023/May 2023
Terry Willis	Assistant Secretary	2023/May 2023
<b>VACANT</b>		2022/May 2022
<b>VACANT</b>		2022/May 2022

Peggy Ripko Secretary

**DATE:** July 14, 2021

**TIME:** 9:00 A.M.

**LOCATION:** **DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY TELECONFERENCE VIA ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE USE THE FOLLOWING INFORMATION:**

Join Zoom Meeting

<https://us02web.zoom.us/j/82182451344?pwd=NlcyZTd2dDIRVXJMQzV2UU9xKzl5dz09>

Meeting ID: 897 9736 4658

Passcode: 115782

One tap mobile

+12532158782

Please email Peggy Ripko if there are any issues ([pripko@sdmsi.com](mailto:pripko@sdmsi.com)).

#### I. ADMINISTRATIVE MATTERS

A. Confirm Quorum. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda; confirm location of the meeting and posting of meeting notice.

C. Review and approve Minutes of the February 18, 2021 Special Meeting (enclosure).

- D. Consider authorizing interested Board Members to attend the 2021 Special District Association's Annual Conference in Keystone on September 14, 15 and 16, 2021.
- 

II. PUBLIC COMMENTS

- A. \_\_\_\_\_

III. FINANCIAL MATTERS

- A. Review and accept Unaudited Financial Statements through the period ending May 31, 2021 and Schedule of Cash Position, dated May 31, 2021 (enclosure).
- 

- B. Review and ratify approval of the engagement of Dazzio & Associates, PC for preparation of 2020 Audit, in the amount of \$4,000 (enclosure).
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- C. Review and consider approval of 2020 Audit and authorize execution of Representations Letter (draft audit – enclosed).
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- D. Consider setting the date for a Public Hearing to adopt the 2022 Budget for November 3, 2021, at 9:00 A.M., to be held at Special District Management Services, Inc, 141 Union Boulevard, Suite 151, Lakewood, CO 80228 or virtually, pending COVID-19 restrictions.
- 

IV. LEGAL MATTERS

- A. Consider Adoption of Resolution Designating an Official Custodian and Custodian for the Colorado Open Records Act (enclosure).
- 

1. Official Custodian Adoption of Rules Related to Requests for Inspection of Public Records Pursuant to Colorado Open Records Act (enclosure).
- 

V. OTHER MATTERS

- A. \_\_\_\_\_

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 3, 2021 – BUDGET HEARING**

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE STC METROPOLITAN DISTRICT NO. 3 HELD FEBRUARY 18, 2021

A Special Meeting of the Board of Directors (referred to hereafter as the "Board") of the STC Metropolitan District No. 3 (referred to hereafter as the "District") was convened on Thursday, the 18<sup>th</sup> day of February, 2021, at 9:00 A.M. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board meeting was held by Zoom. The meeting was open to the public via Zoom.

#### ATTENDANCE

##### Directors In Attendance Were:

James A. Brzostowicz  
Angie Hulsebus  
Terry Willis

##### Also In Attendance Were:

Peggy Ripko; Special District Management Services, Inc. ("SDMS")

Megan Becher, Esq.; McGeady Becher P.C.

Jennifer Ivey, Esq.; Icenogle Seaver Pogue, P.C. (for a portion of the meeting)

Jeff Erb, Esq., Barbara Vander Wall, Esq., Cameron Richards, Esq., Natalie Fleming; Seter & Vander Wall, P.C. (for a portion of the meeting)

Guy "Anthony" Harrigan; STC Metropolitan District 1 Board member

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board noted it was in receipt of disclosures of potential conflicts of interest statements for Directors Brzostowicz, Hulsebus and Willis, and that the statements had been filed with the Secretary of State at least seventy-two hours in advance of the meeting. Ms. Ripko requested that the Directors review the Agenda for the meeting and advised the Board to disclose any new conflicts of interest which had not been previously disclosed. No further disclosures were made by Directors present at the meeting.

#### ADMINISTRATIVE MATTERS

Agenda: Ms. Ripko noted a quorum was present. The Board reviewed the proposed Agenda for the District's Special Meeting.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Willis and, upon vote, unanimously carried, the Board approved the Agenda, as amended.

**Location of Meeting and Posting of Meeting Notices:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board determined that, due to concerns regarding the spread of the coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the meeting would be held by telephonic means, and encouraged public participation via Zoom. The Board further noted that notice of the time, date and location/manner of the meeting was duly posted and that that no objections to the telephonic manner of the meeting, or any requests that the telephonic manner of the meeting be changed by taxpaying electors within the District boundaries have been received.

### **PUBLIC COMMENTS**

There were no public comments.

### **LEGAL MATTERS**

#### **Proposals for District General Counsel Services:**

*Question and Answer Session with Jennifer Ivey, Esq. with Icenogle Seaver Pogue, P.C.:* The Board opened the question-and-answer session with Attorney Ivey regarding the proposal for District General Counsel services.

*Question and Answer Session with Jeff Erb, Esq. with Seter & Vander Wall, P.C.:* The Board opened the question-and-answer session with Attorney Erb regarding the proposal for District General Counsel services.

*Engagement of Firm to provide General Counsel Services:* The Board entered into discussion regarding awarding the contract for District General Counsel services.

Following discussion, upon motion duly made by Director Hulsebus, seconded by Director Willis, with Director Brzostowicz opposing to reflect his suggestion to retain Seter & Vander Wall, P.C., upon vote, the Board approved the engagement of Icenogle Seaver Pogue, P.C.

**McGeady Becher P.C. Records Retention Policy:** Attorney Becher presented to the Board an update to the McGeady Becher P.C. Records Retention Policy.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Willis and, upon vote, unanimously carried, the Board approved the update and directed a copy of the approved, updated McGeady Becher P.C. Records

## RECORD OF PROCEEDINGS

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Retention Policy be attached to the Minutes. Accordingly, a copy of the updated McGeady Becher P.C. Records Retention Policy is attached hereto, and incorporated herein by reference.

\_\_\_\_\_

### **FINANCIAL MATTERS**

**2020 Audit:** The Board reviewed the proposal from Dazzio & Associates, P.C. to perform the 2020 Audit.

Following discussion, upon motion duly made by Director Brzostowicz, seconded by Director Hulsebus and, upon vote, unanimously carried, the Board ratified approval the engagement of Dazzio & Associates, P.C. to perform the 2020 Audit, for an amount of \$4,000.

\_\_\_\_\_

### **OTHER MATTERS**

There were no other matters.

\_\_\_\_\_

### **ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

## STC METROPOLITAN DISTRICT NO. 3

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Join Zoom Meeting

<https://us02web.zoom.us/j/82182451344?pwd=NlcyZTd2dDIRVXJMQzV2UU9xKzl5dz09>

Meeting ID: 897 9736 4658

Passcode: 115782

One tap mobile

+12532158782

Please email Peggy Ripko if there are any issues ([pripko@sdmsi.com](mailto:pripko@sdmsi.com)).

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- 

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VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 3, 2021 – BUDGET HEARING**



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**Dazzio & Associates, PC**

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**Certified Public Accountants**

October 1, 2020

To the Board of Directors and Management  
STC Metropolitan District No. 3  
c/o Special District Management Services, Inc.  
141 Union Blvd, Suite 150  
Lakewood, Colorado 80228

We are pleased to confirm our understanding of the services we are to provide STC Metropolitan District No. 3 (the District) for the year ended December 31, 2020.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, each major fund and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2020.

We have also been engaged to report on supplementary information that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual – Debt Service Fund

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

## **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not

designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Other Services**

We will also prepare the financial statements of the District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Dazzio & Associates, PC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulatory agency or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dazzio & Associates, PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to a regulatory agency or its designee. The regulatory agency or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Stephen Dazzio is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$4,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

### **Reporting**

We will issue a written report upon completion of our audit of STC Metropolitan District No. 3's financial statements which, if applicable, will also address other information in accordance with *AU-C 720, The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

*Daggio & Associates, P.C.*

RESPONSE:

This letter correctly sets forth the understanding of STC Metropolitan District No. 3.

Management signature: Peggy Ripko

Title: District Manager

Date: 02 / 15 / 2021

Board signature: 

Title: Board President

Date: 02 / 15 / 2021

## STC METROPOLITAN DISTRICT NO. 3

McGeady Becher, P.C.  
450 E 17<sup>th</sup> Avenue, Suite 400  
Denver, CO 80203-1254

Our auditors, Dazzio & Associates, PC, 8200 S. Quebec St., Suite A3259, Centennial, Colorado, 80112,, are conducting an audit of our financial statements at December 31, 2020 and for the year then ended. This letter will serve as our consent for you to furnish to our auditors all the information requested herein. Accordingly, please provide to them the information requested below involving matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of STC Metropolitan District No. 3 in the form of legal consultation or representation.

### Pending or Threatened Litigation, Claims, and Assessments (excluding unasserted claims and assessments)

Please prepare a description of all material pending or threatened litigation, claims, and assessments (excluding unasserted claims and assessments). Materiality for purposes of this letter includes items involving amounts exceeding \$3,000 individually or in the aggregate. The description of each matter should include:

- 1) the nature of the litigation;
- 2) the progress of the matter to date;
- 3) how management of the District is responding or intends to respond to the litigation; e.g., to contest the case vigorously or to seek an out-of-court settlement; and
- 4) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss.

Also, please identify any pending or threatened litigation, claims, and assessments with respect to which you have been engaged but as to which you have not devoted substantive attention.

### Unasserted Claims and Assessments

We have represented to our auditors that there are no unasserted possible claims or assessments that you have advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies*.

We understand that, whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, if you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of *FASB Accounting Standards Codification 450, Contingencies* (excerpts of which can be found in the ABA's *Auditor's Letter Handbook*). Please specifically confirm to our auditors that our understanding is correct.

Response

Your response should include matters that existed as of December 31, 2020, and during the period from that date to the effective date of your response. Please specify the date of your response if it is other than the date of reply.

Please specifically identify the nature of, and reasons for, any limitations on your response.

Very truly yours,

*Peggy Ripko*

STC Metropolitan District No. 3

<b>TITLE</b>	Audit for District 3
<b>FILE NAME</b>	STC Metro D... Letter.pdf and 1 other
<b>DOCUMENT ID</b>	9938dd8a29b94e3238d15f8a873d8f95ee5ab68a
<b>AUDIT TRAIL DATE FORMAT</b>	MM / DD / YYYY
<b>STATUS</b>	● Completed

## Document History



**02 / 15 / 2021**  
22:41:51 UTC

Sent for signature to Jim Brzostowicz (jim@civilresources.com) and Peggy Ripko (pripko@sdmsi.com) from pripko@sdmsi.com  
IP: 50.78.200.153



**02 / 15 / 2021**  
22:42:17 UTC

Viewed by Peggy Ripko (pripko@sdmsi.com)  
IP: 50.78.200.153



**02 / 15 / 2021**  
22:42:47 UTC

Signed by Peggy Ripko (pripko@sdmsi.com)  
IP: 50.78.200.153



**02 / 15 / 2021**  
23:10:46 UTC

Viewed by Jim Brzostowicz (jim@civilresources.com)  
IP: 96.88.69.161



**02 / 15 / 2021**  
23:11:00 UTC

Signed by Jim Brzostowicz (jim@civilresources.com)  
IP: 96.88.69.161



COMPLETED

**02 / 15 / 2021**  
23:11:00 UTC

The document has been completed.



**STC METROPOLITAN DISTRICT NO. 3**

**Financial Statements**

**December 31, 2020**

# STC METROPOLITAN DISTRICT NO. 3

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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
STC Metropolitan District No. 3  
Boulder County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the STC Metropolitan District No. 3 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112  
303-905-0809 • [info@dazziocpa.com](mailto:info@dazziocpa.com)

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

## ***Opinions***

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 STC Metropolitan District No. 3, as of December 31, 2020, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Management has omitted the 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the STC Metropolitan District No. 3's basic financial statements. The budget to actual schedule for the Debt Service Fund (Supplementary Information) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

## **BASIC FINANCIAL STATEMENTS**

**STC METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF NET POSITION**

**December 31, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Receivable from County Treasurer	\$ 865
Property Taxes Receivable	17
Tax Increment Taxes Receivable	<u>10,634</u>
<b>Total Assets</b>	<u>11,516</u>
<b>Liabilities</b>	
Payable to District No. 2	<u>876</u>
<b>Deferred Inflows of Resources</b>	
Deferred Property Tax	17
Deferred Tax Increment Taxes	<u>10,623</u>
<b>Total Deferred Inflows of Resources</b>	<u>10,640</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ -</u></u>

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

**STC METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2020**

<b><u>Function/Program Activities</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b>Net (Expense)</b>
		<b><u>Permits, Fees, Fines, and Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	<b><u>Revenue and Changes in Net Position</u></b>
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Administration	\$ 82,001	\$ -	\$ -	\$ -	\$ (82,001)
Total Governmental Activities	<u>\$ 82,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(82,001)</u>
<b>General Revenues</b>					
			Property Taxes	141	
			Specific Ownership Taxes	4,025	
			SURA Property Tax Increment	77,835	
			<b>Total General Revenues</b>	<u>82,001</u>	
			<b>Changes In Net Position</b>		-
			<b>Net Position - Beginning</b>		-
			<b>Net Position - Ending</b>	<u>\$ -</u>	

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

**STC METROPOLITAN DISTRICT NO. 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2020**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Total</b>
<b>Assets</b>			
Receivable from County Treasurer	\$ 117	\$ 748	\$ 865
Property Taxes Receivable	6	11	17
Tax Increment Taxes Receivable	3,545	7,089	10,634
<b>Total Assets</b>	<b>\$ 3,668</b>	<b>\$ 7,848</b>	<b>\$ 11,516</b>
<b>Liabilities</b>			
Payable to District No. 2	\$ 121	\$ 755	\$ 876
<b>Deferred Inflows of Resources</b>			
Deferred Property Tax	6	11	17
Deferred Tax Increment Taxes	3,541	7,082	10,623
<b>Total Deferred Inflows of Resources</b>	<b>3,547</b>	<b>7,093</b>	<b>10,640</b>
<b>Fund Balance</b>			
Unassigned	-	-	-
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,668</b>	<b>\$ 7,848</b>	<b>\$ 11,516</b>

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



**STC METROPOLITAN DISTRICT NO. 3**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND**

**For the Year Ended December 31, 2020**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Total</b>
<b>Revenues</b>			
Property Taxes	\$ 47	\$ 94	\$ 141
SURA Property Tax Increment	25,945	51,890	77,835
Specific Ownership Tax	1,342	2,683	4,025
<b>Total Revenues</b>	<u>27,334</u>	<u>54,667</u>	<u>82,001</u>
<b>Expenditures</b>			
Current			
County Treasurer Fees	1	1	2
Transfer to District No. 2	27,333	54,666	81,999
<b>Total Expenditures</b>	<u>27,334</u>	<u>54,667</u>	<u>82,001</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-
<b>Fund Balance - Ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**STC METROPOLITAN DISTRICT NO. 3**

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

**For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2019 Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 47	\$ 47	\$ -	\$ 10
Specific Ownership Tax	90	1,342	1,252	238
SURA Property Tax Increment	27,252	25,945	(1,307)	4,400
<b>Total Revenues</b>	<b>27,389</b>	<b>27,334</b>	<b>(55)</b>	<b>4,648</b>
<b>Expenditures</b>				
Administrative				
County Treasurer Fees	-	1	(1)	-
Transfer to District No. 2	27,389	27,333	56	4,648
<b>Total Expenditures</b>	<b>27,389</b>	<b>27,334</b>	<b>55</b>	<b>4,648</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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#### **Note 1 – Definition of Reporting Entity**

The STC Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by recorded order and decree of the District Court for Boulder County 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 (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, Districts Nos. 2 and 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 District No. 2 took over the responsibilities of the Management, or Operating District, and the District became a financing District (see Note 5).

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.

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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#### 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 revenues*.

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

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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.

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.

#### **Cash and Investments**

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District 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, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

#### **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.

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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.

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

#### **Note 3 – Cash and Investments**

##### 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, 2020, the District's cash deposits had a bank and carrying balance of \$-0-.

##### **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.



## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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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, 2020, the District did not have any investments.

#### **Note 4 – 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.

# STC METROPOLITAN DISTRICT NO. 3

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

At December 31, 2020, 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 <sub>(3)</sub> Limited Tax GO Bonds	2020C/D Limited Tax GO Bonds	Authorized but Unissued at December 31, 2020
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
	<u>\$ 1,885,000,000</u>	<u>\$ 24,055,000</u>	<u>\$ 68,294,991</u>	<u>\$ 19,770,000</u>	<u>\$ 263,000</u>	<u>\$ 1,772,617,009</u>

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.

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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#### Note 5 – 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 from the Districts' respective mill levies be disbursed to District No. 2 as pledged revenues for any bonds or other financial obligations issued by District No. 2.

##### Capital Pledge Agreement

On April 8, 2015, District No. 2 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, District No. 1 and District No. 2 entered into a Capital Pledge Agreement, dated April 1, 2015, whereby District No. 1 agrees to impose the District No. 1 Required Mill Levy (as defined in the Capital Pledge Agreement) and assign and remit to District No. 2 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 the District 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, District No. 2 currently refunded \$15,795,000 of outstanding principal of the Series 2015A Bonds with an interest rate of 6% and \$7,000,000 of outstanding principal of the Series 2015B Bonds with an interest rate of 7.75% by the issuance of \$90,790,000 Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2019A, dated December 19, 2019, with an average interest rate of 4.905%. A portion of the proceeds from the Series 2019A Bonds amounting to \$25,315,993, which included \$3,309,766 of existing District funds, were used to redeem the 2015A and 2015B and to pay the optional redemption premium. District No. 2 refunded the Series 2015 Bonds to take advantage of lower interest rates.

On December 19, 2019, District No. 2 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<sub>(3)</sub> (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 the District: (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

### STC METROPOLITAN DISTRICT NO. 3

#### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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adjustments described in the 2019A Senior and 2019B<sub>(3)</sub> Subordinate Bond Indenture, and assign and remit to District No. 2 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 in the 2020 Bonds Indenture, 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 District No. 2 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 District No. 2 as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the District and District No. 1 will contribute to those costs. District No. 1 and District No. 3 shall remit to District No. 2 their respective property tax revenue, specific ownership taxes and any other legally available revenue.

## STC METROPOLITAN DISTRICT NO. 3

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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#### **Note 6 – Related Party**

Some of 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 7 – 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 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 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.

### STC METROPOLITAN DISTRICT NO. 3

#### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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##### **Note 9 – 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.

The District transfers all of its General Fund revenue to District No. 2. Therefore, no Emergency Reserve has been provided for by the District. The Emergency Reserve related to the District's revenue stream is captured in District No. 2.

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. 3**

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

**For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2019 Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 94	\$ 94	\$ -	\$ 20
SURA Property Tax Increment	55,334	51,890	(3,444)	9,095
Specific Ownership Tax	3,259	2,683	(576)	477
<b>Total Revenues</b>	<b>58,687</b>	<b>54,667</b>	<b>(4,020)</b>	<b>9,592</b>
<b>Expenditures</b>				
Current				
County Treasurer Fees	1	1	-	-
Transfer to District No. 2	58,686	54,666	4,020	9,592
<b>Total Expenditures</b>	<b>58,687</b>	<b>54,667</b>	<b>4,020</b>	<b>9,592</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See the Independent Auditor's Report



STC Metropolitan District No. 3  
Financial Statements

May 31, 2021

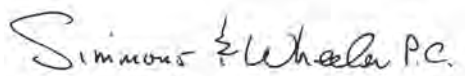
ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
STC Metropolitan District No. 3

Management is responsible for the accompanying financial statements of each major fund of STC Metropolitan District No. 3, as of and for the period ended May 31, 2021, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the five months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to STC Metropolitan District No. 3 because we performed certain accounting services that impaired our independence.

A handwritten signature in dark ink that reads "Simmons & Wheeler P.C." in a cursive, flowing script.

June 28, 2021  
Englewood, Colorado

STC Metropolitan District No 3  
Balance Sheet - Governmental Funds and Account Groups  
May 31, 2021

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
<b>Assets</b>			
Current assets			
SURA Taxes Receivable	\$ -	\$ -	\$ -
Taxes Receivable	<u>13</u>	<u>60</u>	<u>73</u>
Total assets	\$ <u><u>13</u></u>	\$ <u><u>60</u></u>	\$ <u><u>73</u></u>
<b>Liabilities and Equity</b>			
Current liabilities			
Due to District No. 2	\$ <u>13</u>	\$ <u>60</u>	\$ <u>73</u>
Total liabilities	<u>13</u>	<u>60</u>	<u>73</u>
Fund Equity			
Fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u><u>13</u></u>	\$ <u><u>60</u></u>	\$ <u><u>73</u></u>

STC Metropolitan District No 3  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Five Months Ended May 31, 2021  
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 6	\$ 3	\$ (3)
Specific Ownership Taxes	90	71	(19)
SURA Property Tax Increment	<u>3,541</u>	<u>1,239</u>	<u>(2,302)</u>
Total revenues	<u>3,637</u>	<u>1,313</u>	<u>(2,324)</u>
Expenditures			
Transfer to District 2	<u>3,637</u>	<u>1,313</u>	<u>2,324</u>
Total expenditures	<u>3,637</u>	<u>1,313</u>	<u>2,324</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STC Metropolitan District No 3  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Five Months Ended May 31, 2021  
Debt Service Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 11	\$ 5	\$ (6)
Specific Ownership Taxes	3,259	141	(3,118)
SURA Property Tax Increment	<u>7,190</u>	<u>2,479</u>	<u>(4,711)</u>
Total revenues	<u>10,460</u>	<u>2,625</u>	<u>(7,835)</u>
Expenditures			
Transfer to District 2	<u>10,460</u>	<u>2,625</u>	<u>7,835</u>
Total expenditures	<u>10,460</u>	<u>2,625</u>	<u>7,835</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
STC METROPOLITAN DISTRICT NO. 3**

**A Resolution Designating an Official Custodian and a Custodian for Purposes of the  
Colorado Open Records Act, Sections 24-72-200.1 *et seq.*, C.R.S.**

The Board of Directors of the STC Metropolitan District No. 3, Boulder County, Colorado, held a special meeting at 9:00 A.M., on Wednesday, July 14, 2021. Due to concerns regarding the spread of Coronavirus (COVID-19) and the benefits to the spread of the virus by limiting in-person contact, this meeting was held by teleconference via Zoom without any individuals (neither district representatives nor the general public) attending in person: <https://us02web.zoom.us/j/89797364658?pwd=SHJkTkdyUmVxYjBYUDcvcHNmN3I0dz09> Meeting ID: 897 9736 4658 and Passcode: 115782. The following resolution was adopted:

**WHEREAS**, STC Metropolitan District No. 3 (the “District”) is a special district organized and existing pursuant to Sections 32-1-101 *et seq.*, C.R.S.; and

**WHEREAS**, the District is a political subdivision for purposes of the Colorado Open Records Act, Sections 24-72-200.1 *et seq.*, C.R.S., as may be amended from time to time, (“CORA”), as defined in Section 24-72-202(5), C.R.S., and is thus subject to CORA; and

**WHEREAS**, the Board of Directors of the District (the “Board”) wishes to designate an “Official Custodian,” as that term is defined in Section 24-72-202(2), C.R.S., who is responsible for the maintenance, care, and keeping of the District’s public records, regardless of whether the records are in his or her actual personal custody and control; and

**WHEREAS**, the Board wishes to designate a “Custodian,” as that term is defined in Section 24-72-202(1.1), C.R.S., who shall serve as the repository for the District’s public records and shall have personal custody and control of the District’s public records and assist the Official Custodian with the maintenance, care, and keeping of the District’s public records.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF  
STC METROPOLITAN DISTRICT NO. 3 AS FOLLOWS:**

1. The Board, by a vote of \_\_\_ to \_\_\_, hereby designates the Secretary of the Board, which position is currently held by Peggy Ripko, but which may be held by other individuals in the future, as the Official Custodian of the District’s public records for purposes of CORA. This designation of the individual holding the position of Secretary of the Board as the Official Custodian of the District shall continue unless and until the Board amends or repeals this Resolution. Pursuant to Section 24-72-203(1)(a), C.R.S., the Official Custodian may develop rules for the inspection of the District’s public records as are reasonably necessary for the protection of such records and for the prevention of

unnecessary interference with the regular discharge of the duties of the Custodian or the Custodian's office.

2. The Board, by a vote of \_\_\_\_ to \_\_\_\_, hereby designates the District Manager, which position is currently held by Peggy Ripko, Special District Management Services, Inc., but which may be held by other individuals in the future, as the Custodian of the District's public records for purposes of CORA. The Custodian shall serve as the repository for the District's public records and shall have personal custody and control of the District's public records and assist the Official Custodian with the maintenance, care, and keeping of the District's public records.
3. All prior acts, orders, or resolutions, or parts thereof, by the District, as well as practices or policies of the District, in conflict with this Resolution, including but not limited to prior or conflicting designations for purposes of CORA, are hereby repealed and superseded by this Resolution.

**[Remainder of page intentionally left blank.]**

ADOPTED, APPROVED, AND MADE EFFECTIVE the 14<sup>th</sup> day of July, 2021.

STC METROPOLITAN DISTRICT NO. 3

By: James A. Brzostowicz  
Its: President

ATTEST:

By: Peggy Ripko  
Its: Secretary



### **STC METROPOLITAN DISTRICT NO. 3**

#### **RULES RELATED TO REQUESTS FOR INSPECTION OF PUBLIC RECORDS PURSUANT TO THE COLORADO OPEN RECORDS ACT, SECTIONS 24-72-200.1 *et seq.*, C.R.S.**

**WHEREAS**, STC Metropolitan District No. 3 District (the “District”) is a special district organized and existing pursuant to Sections 32-1-101 *et seq.*, C.R.S.; and

**WHEREAS**, the District is a political subdivision for purposes of the Colorado Open Records Act, Sections 24-72-200.1 *et seq.*, C.R.S., as may be amended from time to time (“CORA”), as defined in Section 24-72-202(5), C.R.S., and is thus subject to CORA; and

**WHEREAS**, the District has designated an “Official Custodian,” as that term is defined in Section 24-72-202(2), C.R.S., who is responsible for the maintenance, care, and keeping of the District’s public records, regardless of whether the records are in his or her actual personal custody and control; and

**WHEREAS**, the District has designated a “Custodian,” as that term is defined in Section 24-72-202(1.1), C.R.S., who shall serve as the repository for the District’s public records and shall have personal custody and control of the District’s public records and assist the Official Custodian with the maintenance, care, and keeping of the District’s public records; and

**WHEREAS**, pursuant to Section 24-72-203(1)(a), C.R.S., the Official Custodian may make such rules with reference to the inspection of public records as are reasonably necessary for the protection of such records and the prevention of unnecessary interference with the regular discharge of the duties of the Custodian and the Custodian’s office; and

**WHEREAS**, the Official Custodian finds it is necessary and in the best interests of the District to adopt certain rules with reference to the inspection of its public records.

#### **NOW, THEREFORE, THE OFFICIAL CUSTODIAN MAKES AND ADOPTS THE FOLLOWING RULES WITH REFERENCE TO THE INSPECTION OF THE STC METROPOLITAN DISTRICT NO. 3’S PUBLIC RECORDS:**

1. Inspection of Public Records. All “Public Records” of the District, as such term is defined in Section 24-72-202(6), C.R.S., shall be available for public inspection by any person at reasonable times as provided in CORA, except as otherwise provided in CORA or as otherwise provided by law. All requests to inspect Public Records shall be in writing and delivered to the Custodian or his or her designee. Upon the receipt of a written request to inspect Public Records, the Custodian or his or her designee shall set a date and hour at which time the requested Public Records will be available for inspection, which date and hour of inspection shall be between the hours of 8:00 A.M. and 5:00 P.M., Mountain Standard Time, three (3) working days or less from the date such Public Records were requested for inspection unless extenuating circumstances exist as provided in Section 24-72-203(3)(b), C.R.S. The day the request is received, weekends, and

legally recognized holidays shall not count as a working day for the purposes of computing the date set for inspection of Public Records. A modification to a request for Public Records is considered a new request.

2. Notification for Inspecting Public Records Not Under Control of the Custodian. If the Public Records requested are not in the custody or control of the Custodian or the Official Custodian, the Custodian or his or her designee shall notify the person requesting to inspect such records that said records are not in the custody or control of the Official Custodian or the Custodian. The notification shall state in detail to the best of the Custodian's knowledge and belief, the reason for the absence of the records, the location of the records, and what person has custody or controls the records.
3. Notification for Inspecting Public Records in Use or Otherwise Unavailable. If the Public Records requested are in active use, in storage, or otherwise not readily available at the time requested, the Custodian or his or her designee shall notify the person requesting to inspect the Public Records of the status of the Public Records. Such notification shall be made in writing if desired by the person requesting to inspect the Public Records.
4. Copies of Public Records. Within the period specified in Section 24-72-203(3), C.R.S., the Custodian or his or her designee shall notify the person requesting a copy of the Public Records that a copy of the Public Records is available but will only be sent to the requester once the Custodian either receives payment or makes arrangements for receiving payment for all costs associated with records transmission and for all other fees lawfully allowed, regardless of whether provided for herein, unless recovery of all or any portion of such costs or fees has been waived by the Custodian. Upon receipt of such payment, the Custodian or his or her designee shall send a copy of the Public Records to the requester as soon as practicable but no more than three (3) business days after receipt of, or making arrangements to receive, such payment.
5. Fees for Copies of Public Records. The Custodian or his or her designee shall furnish, for a fee as set forth herein, a copy, printout, or photograph of the District's Public Records requested. The fee shall be twenty-five cents (\$0.25) per standard page, or such other maximum amount as authorized by Section 24-72-205(5), C.R.S., for a copy, printout, or photograph of the Public Record except as follows:
  - a. When the format is other than a standard page, the fee shall not exceed the actual cost of providing the copy, printout, or photograph;
  - b. If other facilities are necessary to make a copy of the Public Records, the cost of providing the copy at the other facilities shall be paid by the person requesting the copy;
  - c. If the Public Records are a result of computer output other than word processing, the fee for a copy, printout, or photograph thereof may be based on recovery of the actual incremental costs of providing the electronic services and products

together with a reasonable portion of the costs associated with building and maintaining the information system;

- d. If, in response to a specific request, the District has performed a manipulation of data so as to generate a record in a form not used by the District, a reasonable fee may be charged to the person making the request, which fee shall not exceed the actual costs of manipulating the data and generating the record in accordance with the request; and
  - e. Where the fee for a certified copy or other copy, printout, or photograph of a Public Record is specifically prescribed by law, that specific fee shall apply in lieu of the fee(s) set forth herein.
6. Transmission Fees. In addition to the fees set forth above, where the person requesting the Public Record requests the transmission of a certified copy or other copy, printout, or photograph of a Public Record by United States mail or other non-electronic delivery service, the Custodian or his or her designee may charge the costs associated with such transmission, except that no transmission fees may be charged to the records requester for transmitting a Public Record via electronic mail.
7. Research and Retrieval Fees. In addition to the fees set forth above, in accordance with Section 24-72-205(6), C.R.S., the Official Custodian, Custodian, or his or her designee may charge a research and retrieval fee of \$33.58 per hour, or such other maximum hourly fee as may be adjusted from time to time pursuant to Section 24-72-205(6)(b), C.R.S., for time spent by the District's directors, employees, agents, and consultants researching, retrieving, gathering, collecting, compiling, preparing, redacting, manipulating, and/or otherwise producing records in order to respond to a request for Public Records. Provided, however, that such research and retrieval fee may not be imposed for the first hour of time expended in connection with such research and retrieval activities related to a request for Public Records, but may be imposed for each subsequent hour.
8. Payment of Fees. All fees associated with production of the District's Public Records requested by the person inspecting said Public Records, as set forth in Paragraphs 4 through 7 above, shall be received by the District before the delivery or inspection of said Public Records.
9. In Force Until Amended or Repealed. These rules of the Official Custodian shall remain in full force and effect unless and until such time as they are amended or repealed by the Official Custodian regardless of any change in either the individual serving as, or the designation of, the Official Custodian of the District.
10. Repealer. These rules of the Official Custodian shall supersede all previous versions of rules, regulations, practices and policies of the District related to inspection of Public Records.

**[Remainder of page intentionally left blank.]**

ADOPTED, APPROVED, AND MADE EFFECTIVE the 14<sup>th</sup> day of July, 2021.

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By: Peggy Ripko  
Official Custodian of Public Records  
STC Metropolitan District No. 3