

STC METROPOLITAN DISTRICT NO. 1

Financial Statements

December 31, 2023

STC METROPOLITAN DISTRICT NO. 1

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	20



Dazio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
STC Metropolitan District No. 1
Boulder County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the STC Metropolitan District No. 1 (the District), as of and for the year ended December 31, 2023, 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, 2023, 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.

Duggio & Associates, P.C.

September 12, 2024

BASIC FINANCIAL STATEMENTS

STC METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Receivable from County Treasurer	\$ 4,686
Property Taxes Receivable	149,019
Tax Increment Taxes Receivable	1,617,023
Total Assets	<u>1,770,728</u>
Liabilities	
Payable to District No. 2	<u>4,686</u>
Deferred Inflows of Resources	
Deferred Property Tax	149,019
Deferred Tax Increment Taxes	1,617,023
Total Deferred Inflows of Resources	<u>1,766,042</u>
Net Position	
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

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

STC METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
<u>Function/Program Activities</u>					<u>Governmental Activities</u>
Governmental Activities					
Administration	\$ 1,141,036	\$ -	\$ -	\$ -	\$ (1,141,036)
Total Governmental Activities	<u>\$ 1,141,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,141,036)</u>
		General Revenues			
			Property Taxes	107,161	
			Specific Ownership Taxes	50,643	
			SURA Property Tax Increment	982,418	
			Net Investment Income	814	
			Total General Revenues	<u>1,141,036</u>	
			Changes In Net Position		-
			Net Position - Beginning		-
			Net Position - Ending	<u>\$</u>	<u>-</u>

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

STC METROPOLITAN DISTRICT NO. 1

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Receivable from County Treasurer	\$ 781	\$ 3,905	\$ 4,686
Property Taxes Receivable	24,834	124,185	149,019
Tax Increment Taxes Receivable	<u>269,475</u>	<u>1,347,548</u>	<u>1,617,023</u>
Total Assets	<u>\$ 295,090</u>	<u>\$ 1,475,638</u>	<u>\$ 1,770,728</u>
Liabilities			
Payable to District No. 2	<u>\$ 781</u>	<u>\$ 3,905</u>	<u>\$ 4,686</u>
Deferred Inflows of Resources			
Deferred Property Tax	24,834	124,185	149,019
Deferred Tax Increment Taxes	<u>269,475</u>	<u>1,347,548</u>	<u>1,617,023</u>
Total Deferred Inflows of Resources	<u>294,309</u>	<u>1,471,733</u>	<u>1,766,042</u>
Fund Balance			
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 295,090</u>	<u>\$ 1,475,638</u>	<u>\$ 1,770,728</u>

Amounts reported for governmental activities in the statement of net position are the same as above.

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

STC METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 17,859	\$ 89,302	\$ 107,161
SURA Property Tax Increment	161,053	821,365	982,418
Specific Ownership Tax	8,440	42,203	50,643
Net Investment Income	136	678	814
Total Revenues	<u>187,488</u>	<u>953,548</u>	<u>1,141,036</u>
Expenditures			
County Treasurer Fees	270	1,349	1,619
Transfer to District No. 2	187,218	952,199	1,139,417
Total Expenditures	<u>187,488</u>	<u>953,548</u>	<u>1,141,036</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts reported for governmental activities in the statement of activities are the same as above.

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

STC METROPOLITAN DISTRICT NO. 1

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues					
Property Taxes	\$ 17,775	\$ 17,775	\$ 17,859	\$ 84	\$ 12,513
Specific Ownership Tax	7,000	8,000	8,440	440	7,651
SURA Property Tax Increment	163,449	163,449	161,053	(2,396)	155,560
Net Investment Income	-	-	136	136	137
Miscellaneous	-	776	-	(776)	-
Total Revenues	188,224	190,000	187,488	(2,512)	175,861
Expenditures					
County Treasurer Fees	267	267	270	(3)	190
Transfer to District No. 2	187,957	189,733	187,218	2,515	175,671
Total Expenditures	188,224	190,000	187,488	2,512	175,861
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

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

STC METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Note 1 – Definition of Reporting Entity

The STC Metropolitan District No. 1 (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. 2 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, District Nos. 2 and 3 are referred to as the Financing Districts and the District is the Managing District. The Managing 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. 1

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. 1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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.

The District has amended its budget for the year ended December 31, 2023.

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. 1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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 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 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. 1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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.

STC METROPOLITAN DISTRICT NO. 1

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District did not have any deposits.

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. 1

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, 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. 1

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

At December 31, 2023, 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	\$ 7,112,721	\$ 60,725,646
Parks and Recreation	145,000,000	144,330	6,082,936	1,822,086	3,943,557	133,007,091
Water	145,000,000	2,092,785	4,051,277	1,213,522	1,731,818	135,910,598
Sanitation/Storm	145,000,000	9,622,000	5,875,553	1,759,966	1,763,407	125,979,074
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	-	-	-	11,370	144,988,630
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>\$ 14,562,873</u>	<u>\$ 1,758,317,136</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.

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.

STC METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

Capital Pledge Agreement

On April 14, 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, the District and District No. 2 entered into a Capital Pledge Agreement, dated April 1, 2015, whereby the District agreed to impose the District Required Mill Levy (as defined in the Capital Pledge Agreement), subject to the limitations and adjustments described in the 2015 Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District 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 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 the District, 50 mills (as adjusted for changes in the method of calculating assessed valuation); (b) with respect to District No. 2 (the Issuing District): (i) prior to and including levy year 2023, 35 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 44 mills (as adjusted for changes in the method of calculating assessed valuation); and (c) with respect to District No. 3: (i) prior to and including levy year 2023, 20 mills (as adjusted for changes in the method of calculating assessed valuation), and (ii) commencing with levy year 2024, 29 mills (as adjusted for changes in the method of calculating assessed valuation); subject to the limitations and adjustments described in the 2019A Senior and 2019B₍₃₎ Subordinate Bond Indenture, and assign and remit to District No. 2 all revenues resulting from the imposition of the District and District No. 3 Required Mill Levy and Specific Ownership Taxes, as well as certain other revenues of the District 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 District No. 2 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

STC METROPOLITAN DISTRICT NO. 1

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 Required Mill Levy, are pledged by the District 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 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. 3 will contribute to those costs. The District and District No. 3 shall remit to District No. 2 their respective property tax revenue, specific ownership taxes and any other legally available revenue.

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 – 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. 1

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 8 – 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. 1

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

**For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues					
Property Taxes	\$ 88,881	\$ 88,881	\$ 89,302	\$ 421	\$ 62,565
SURA Property Tax Increment	817,289	817,289	821,365	4,076	777,788
Specific Ownership Tax	20,177	40,000	42,203	2,203	38,252
Net Investment Income	-	8,830	678	(8,152)	683
Total Revenues	926,347	955,000	953,548	(1,452)	879,288
Expenditures					
County Treasurer Fees	1,333	1,333	1,349	(16)	949
Transfer to District No. 2	925,014	953,667	952,199	1,468	878,339
Total Expenditures	926,347	955,000	953,548	1,452	879,288
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the Independent Auditor's Report