

**SECOND CREEK FARM
METROPOLITAN DISTRICT NO. 3
Commerce City, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Second Creek Farm Metropolitan District No. 3
Commerce City, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Second Creek Farm Metropolitan District No. 3 (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 accompanying 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 thereof, and the respective 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Fiscal Focus Partners, LLC

Auditor's Responsibility 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 GAAS 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 GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary and Other 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 and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
September 30, 2024

BASIC FINANCIAL STATEMENTS

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 11,218
Cash and Investments - Restricted	1,539,164
Due from Other Districts	18,444
Receivable from County Treasurer	988
Property Tax Receivable	455,426
Capital Assets Not Being Depreciated	5,096,763
Total Assets	7,122,003
LIABILITIES	
Due to Other Districts	2,071
Accrued Interest	77,979
Noncurrent Liabilities:	
Due Within One Year	25,307
Due in More Than One Year	38,438,859
Total Liabilities	38,544,216
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	455,426
Total Deferred Inflows of Resources	455,426
NET POSITION	
Restricted for:	
Emergency Reserve	900
Capital Projects	143,169
Net Position - Unrestricted	(32,021,708)
Total Net Position	\$ (31,877,639)

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Change in Net Position
Primary Government:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:	Expenses	-	-	-
General Government	\$ 29,711	\$ -	\$ -	\$ (29,711)
Interest on Long-Term Debt and Related Costs	2,431,691	-	354,427	(2,077,264)
Total Governmental Activities	\$ 2,461,402	\$ -	\$ 354,427	\$ (2,106,975)
GENERAL REVENUES				
Property Taxes				150,198
Specific Ownership Taxes				11,358
Interest Income				92,565
Total General Revenues and Transfers				254,121
CHANGES IN NET POSITION				
Net Position - Beginning of Year				(30,024,785)
NET POSITION - END OF YEAR				
				\$ (31,877,639)

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,891	\$ -	\$ 9,327	\$ 11,218
Cash and Investments - Restricted	-	1,405,322	133,842	1,539,164
Receivable from County Treasurer	180	808	-	988
Due from Other Districts	-	18,444	-	18,444
Property Tax Receivable	83,518	371,908	-	455,426
Total Assets	<u>\$ 85,589</u>	<u>\$ 1,796,482</u>	<u>\$ 143,169</u>	<u>\$ 2,025,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Districts	\$ 2,071	\$ -	\$ -	\$ 2,071
Total Liabilities	2,071	-	-	2,071
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	83,518	371,908	-	455,426
Total Deferred Inflows of Resources	83,518	371,908	-	455,426
FUND BALANCES				
Restricted for:				
Emergency Reserves	900	-	-	900
Debt Service	-	1,424,574	-	1,424,574
Capital Projects	-	-	143,169	143,169
Unassigned	(900)	-	-	(900)
Total Fund Balances	<u>-</u>	<u>1,424,574</u>	<u>143,169</u>	<u>1,567,743</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 85,589</u>	<u>\$ 1,796,482</u>	<u>\$ 143,169</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 5,096,763

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest	(2,227,009)
Accrued Interest - Developer Advance	(562,625)
Bonds Payable	(30,182,112)
Developer Advance Payable	(5,096,763)
Unamortized Bond Premium	(473,636)

Net Position of Governmental Activities \$ (31,877,639)

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 27,351	\$ 122,847	\$ -	\$ 150,198
Specific Ownership Taxes	2,068	9,290	-	11,358
Interest Income	292	85,472	6,801	92,565
Intergovernmental Revenues	-	354,427	-	354,427
Total Revenues	<u>29,711</u>	<u>572,036</u>	<u>6,801</u>	<u>608,548</u>
EXPENDITURES				
Current:				
County Treasurer's Fee	400	1,796	-	2,196
Intergovernmental Expenditures	29,311	-	-	29,311
Debt Service:				
Bond Interest	-	935,750	-	935,750
Capital Projects:				
Capital Outlay	-	-	5,096,763	5,096,763
Total Expenditures	<u>29,711</u>	<u>937,546</u>	<u>5,096,763</u>	<u>6,064,020</u>
EXCESS OF REVENUES UNDER EXPENDITURES	-	(365,510)	(5,089,962)	(5,455,472)
OTHER FINANCING SOURCES (USES)				
Transfers To Other Fund	-	-	(15,000)	(15,000)
Transfers From Other Funds	-	15,000	-	15,000
Developer Advance	-	-	5,096,763	5,096,763
Total Other Financing Sources	<u>-</u>	<u>15,000</u>	<u>5,081,763</u>	<u>5,096,763</u>
NET CHANGE IN FUND BALANCES	-	(350,510)	(8,199)	(358,709)
Fund Balances - Beginning of Year	<u>-</u>	<u>1,775,084</u>	<u>151,368</u>	<u>1,926,452</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,424,574</u>	<u>\$ 143,169</u>	<u>\$ 1,567,743</u>

See accompanying Notes to Basic Financial Statements.

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	(358,709)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay		5,096,763
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance		(5,096,763)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable Developer Advance - Change in Liability		(562,625)
Accrued Interest - Change in Liability		(956,827)
Amortization of Bond Premium		25,307
		25,307

Changes in Net Position of Governmental Activities	\$	(1,852,854)
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**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 32,198	\$ 27,351	\$ (4,847)
Specific Ownership Taxes	2,254	2,068	(186)
Interest Income	-	292	292
Total Revenues	34,452	29,711	(4,741)
EXPENDITURES			
County Treasurer's Fee	483	400	83
Intergovernmental Expenditures	33,969	29,311	4,658
Total Expenditures	34,452	29,711	4,741
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Second Creek Farm Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized in 2006 concurrently with the organization of Second Creek Farm Metropolitan District No. 4 (District No. 4). Second Creek Farm Metropolitan District No. 1 (District No. 1) and Second Creek Farm Metropolitan District No. 2 (District No. 2 and together with the District, District No. 1, District No. 2 and District No. 4, the Districts) were both formed previously in December 2002. The Districts are governed by the Colorado Special District Act and other applicable statutes governing political subdivisions. The District's service area is located entirely within the City of Commerce City, Colorado (the City). The Districts were organized to work cooperatively to provide design, acquisition, construction, installation, financing and operation of public improvements, including streets and safety controls, transportation, mosquito control, television relay, water, sanitary sewer, storm drainage, park and recreation improvements and facilities and erosion control to their service area.

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 for any other organization, nor is the District a component unit of any other primary governmental entity.

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

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. The effect of interfund activity has been removed from these statements. 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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and 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. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as 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 in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total 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 amended its annual budget for the year ended December 31, .

Pooled Cash and Investments

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

Intergovernmental Revenue and 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 Board of 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, at the taxpayer's election, or in equal installments in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Districts.

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

Capital Assets

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

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives.

Parks and Open Space	15 to 50 Years
Infrastructure	30 to 50 Years
Other Improvements	15 to 30 Years

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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 Balance

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.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being 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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Investments	\$ 11,218
Investments - Restricted	1,539,164
Total Cash and Investments	\$ 1,550,382

Cash and investments as of December 31, 2023, consist of the following:

Investments	\$ 1,550,382
Total Cash and Investments	\$ 1,550,382

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The District's deposits are insured by FDIC up to \$250,000 per banking institution, and the balance is collateralized in a single institution pool, pursuant to the PDPA, as described above.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District had no cash deposits.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 1,550,382
		<u>\$ 1,550,382</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	-	5,096,763	-	5,096,763
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 5,096,763</u>	<u>\$ -</u>	<u>\$ 5,096,763</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
General Obligation Bond Payable:					
Series 2019A Bond	\$18,715,000	\$ -	\$ -	\$18,715,000	\$ -
Series 2019B Subordinate Bond	1,696,000	-	-	1,696,000	-
Series 2021C Bond	8,288,000	-	-	8,288,000	-
Series 2022D Bond	1,483,112	-	-	1,483,112	-
Series 2019A + 2019B + 2021C + 2022D	-	-	-	-	-
Total Bonds Payable	<u>30,182,112</u>	<u>-</u>	<u>-</u>	<u>30,182,112</u>	<u>-</u>
Other Debts:					
Developer Advance - Capital	-	5,096,763	-	5,096,763	-
Accrued Interest Developer Advance - Capita	-	562,625	-	562,625	-
Subtotal Other Debts	<u>-</u>	<u>5,659,388</u>	<u>-</u>	<u>5,659,388</u>	<u>-</u>
Subordinate Accrued Interest:					
Series 2019 Subordinate Bond	448,824	163,543	-	612,367	-
Series 2021C Bond	702,894	686,632	-	1,389,526	-
Series 2022D Bond	40,485	106,652	-	147,137	-
Bond Premium	<u>498,943</u>	<u>-</u>	<u>25,307</u>	<u>473,636</u>	<u>25,307</u>
Total Long-Term Obligations	<u>\$31,873,258</u>	<u>\$ 6,616,215</u>	<u>\$ 25,307</u>	<u>\$38,464,166</u>	<u>\$ 25,307</u>

The details of the District's general obligation bonds outstanding during are as follows:

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds), Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds), and Junior Lien General Obligation Limited Tax Bonds, Series 2019C (the 2019 Junior Lien Bonds, and with the Senior Bonds and Subordinate Bonds, the 2019 Bonds)

Bond Proceeds

The 2019 Bonds were issued by and are the primary obligation of the District. To assist in the financing of the project, District No. 2 (the Pledge District) has agreed to levy ad valorem property taxes and remit the resulting revenues to the Trustee on behalf of the District pursuant to a Capital Pledge Agreement between the District and the Pledge District.

The District issued the Senior Bonds, the Subordinate Bonds, and the 2019 Junior Lien Bonds on October 23, 2019, in the respective par amounts of \$18,715,000, \$1,696,000, and \$4,592,000. Proceeds from the sale of the 2019 Bonds were used to fund the costs of public improvements for the Districts, pay the costs of issuing the 2019 Bonds, and with respect to proceeds of the Senior Bonds only: (a) partially fund the Senior Surplus Fund and (b) fund capitalized interest on the Senior Bonds. The 2019 Junior Lien Bonds were used as draw-down bonds with zero proceeds at issuance.

Senior Bonds

The Senior Bonds bear interest at the rate of 5.000% per annum and are payable semi-annually on June 1 and December 1, beginning on December 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2027. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Senior Bond. Two maturity dates apply to the Senior Bond. \$6,325,000 of the principal amount of the Senior Bonds matures on December 1, 2039. \$12,390,000 of the principal amount of the Senior Bonds matures on December 1, 2049.

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00
December 1, 2026 to November 30, 2027	1.00
December 1, 2027 and Thereafter	0.00

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds), Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds), and Junior Lien General Obligation Limited Tax Bonds, Series 2019C (the 2019 Junior Lien Bonds, and with the Senior Bonds and Subordinate Bonds, the 2019 Bonds) (Continued)

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of any costs of collection, which includes (a) the Senior Required Mill Levy; (b) the Senior Capital Revenue; (c) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

“*Senior Capital Revenue*” means the sum of the following, less costs of collection: (a) the ad valorem property tax revenue derived from imposition of the Pledge District Senior Required Mill Levy; and (b) the Specific Ownership Tax revenue allocable to the Pledge District Senior Required Mill Levy.

Senior Required Mill Levy

Pursuant to the Senior Indenture, prior to the Conversion Date, the District has covenanted to impose a District Senior Required Mill Levy upon all taxable property of the District each year in an amount which, when combined with the Pledge District Senior Tax Revenue, will be sufficient to pay the Senior Bonds when due, but (i) not in excess of 50.000 mills (subject to adjustment for changes in the method of calculating assessed value occurring after September 19, 2005), and (ii) if the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due and will fund the Senior Surplus Fund to the Maximum Surplus Amount. In accordance with the Service Plan, the minimum and maximum mill levies set forth above (subject to adjustment) are to be reduced by the number of mills necessary to pay unlimited mill levy debt.

The Conversion Date means the first date on which all of the following conditions are met: (a) the Senior Debt to Assessed Ratio is 50% or less; (b) no amounts of principal or interest on the Senior Bonds are due but unpaid; (c) the amount of the Senior Surplus Fund is not less than the Initial Surplus Amount of \$1,549,000; and (d) the conditions of the Pledge District Conversion Date as set forth in the Capital Pledge Agreement have been satisfied.

On and after the Conversion Date, the District covenants to impose a Senior Required Mill Levy each year without limitation of rate and in an amount which, when combined with the Pledge District Senior Tax Revenue, will be sufficient to (a) pay the principal of and interest on the Senior Bonds when due and (ii) replenish the Senior Surplus Fund, if necessary, to the Initial Surplus Amount. On and after the Conversion Date, the definition of “Senior Required Mill Levy” shall be determined as described in this paragraph, consistently with the Senior Indenture regardless of any subsequent increase in the Senior Debt to Assessed Ratio.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds), Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds), and Junior Lien General Obligation Limited Tax Bonds, Series 2019C (the 2019 Junior Lien Bonds, and with the Senior Bonds and Subordinate Bonds, the 2019 Bonds) (Continued)

Senior Required Mill Levy (Continued)

The Capital Pledge Agreement requires that the Pledge District levy the same Senior Required Mill Levy as the District.

Senior Surplus Fund

The Senior Bonds are secured by the Senior Surplus Fund which was partially funded from proceeds of the Senior Bonds in the amount of the Initial Surplus Amount of \$1,549,000. Thereafter and prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$3,743,000.

On and after the Conversion Date, the Senior Surplus Fund is to be funded (and replenished, if necessary) from Senior Pledged Revenue up to the Initial Surplus Amount. The balance in the Senior Surplus Fund as of December 31, , is \$1,388,265.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.625% per annum and are payable annually on December 15, beginning December 15, 2019 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. All of the Subordinate Bonds and interest thereon are to be deemed to be paid and discharged on December 16, 2059, regardless of the amount of principal and interest paid prior to that date.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00
December 1, 2026 to November 30, 2027	1.00
December 1, 2027 and Thereafter	0.00

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds), Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds), and Junior Lien General Obligation Limited Tax Bonds, Series 2019C (the 2019 Junior Lien Bonds, and with the Senior Bonds and Subordinate Bonds, the 2019 Bonds) (Continued)

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection, which includes (a) the Subordinate Required Mill Levy; (b) the Subordinate Capital Revenue, if any; (c) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; (d) the amounts, if any, which are released to the District from the Senior Surplus Fund pursuant to the Senior Indenture following the Conversion Date (which is not guaranteed to occur); and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

“Subordinate Capital Revenue” means the sum of the following, less costs of collection: (a) the ad valorem property tax revenue derived from imposition of the Pledge District Subordinate Required Mill Levy and (b) the Specific Ownership Tax revenue allocable to the Pledge District Subordinate Required Mill Levy.

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a District Subordinate Required Mill Levy each year equal to 50.000 mills (subject to adjustment) less the number of mills equal to the Senior Bond Mill Levy (meaning the District Senior Required Mill Levy and the ad valorem mill levy required to be imposed for payment of all other outstanding senior obligations of the District, if any) or such lesser mill levy which will fund the Subordinate Bond Fund in an amount which, when combined with the Pledge District Subordinate Tax Revenue, will be sufficient to pay all of the principal of, premium if any, and interest on the Subordinate Bonds in full. If the amount of the Senior Bond Mill Levy equals or exceeds 50.000 mills (as adjusted) in any year, the District Subordinate Required Mill Levy for that year shall be zero.

The Capital Pledge Agreement requires that the Pledge District levy the same Subordinate Required Mill Levy as the District.

2019 Junior Lien Bonds

The 2019 Junior Lien Bonds constituted draw-down obligations of the District. The 2019 Junior Lien Bonds were canceled coincident with the issuance of the 2021C Junior Lien Bonds. No amount of the 2019 Junior Lien Bonds were ever drawn.

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (the Senior Bonds), Subordinate General Obligation Limited Tax Bonds, Series 2019B (the Subordinate Bonds), and Junior Lien General Obligation Limited Tax Bonds, Series 2019C (the 2019 Junior Lien Bonds, and with the Senior Bonds and Subordinate Bonds, the 2019 Bonds) (Continued)

Senior Bonds Debt Service

The outstanding principal and interest of the Senior Bonds are due as follows:

Year Ending December 31,	Bonded Debt		Total
	Principal	Interest	
2024	\$ -	\$ 935,750	\$ 935,750
2025	-	935,750	935,750
2026	-	935,750	935,750
2027	120,000	935,750	1,055,750
2028	275,000	929,750	1,204,750
2029-2033	2,110,000	4,385,250	6,495,250
2034-2038	3,075,000	3,767,000	6,842,000
2039-2043	4,290,000	2,882,250	7,172,250
2044-2048	5,895,000	1,658,000	7,553,000
2049	2,950,000	147,500	3,097,500
Total	<u>\$ 18,715,000</u>	<u>\$ 17,512,750</u>	<u>\$ 36,227,750</u>

The annual debt service requirements on the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue. The annual debt service requirements on the 2021C Junior Lien Bonds are payable only from available Junior Lien Pledged Revenue.

Junior Lien Limited Tax General Obligation Bonds, Series 2021C⁽³⁾ (the 2021C Junior Lien Bonds)

Bond Proceeds

The District issued the 2021C Junior Lien Bonds on November 23, 2021, in the par amount of \$8,288,000 and the previously issued 2019 Junior Lien Bonds were cancelled coincident with the insurance of the 2021C Junior Lien Bonds. Proceeds from the sale of the 2021C Junior Lien Bonds were used to: (a) finance additional costs of public improvements related to the Development not previously financed with the Senior Bonds or Subordinate Bonds; and (b) pay costs incurred in connection with the issuance of the 2021C Junior Lien Bonds.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Lien Limited Tax General Obligation Bonds, Series 2021C₍₃₎ (the 2021C Junior Lien Bonds) (Continued)

Details of the 2021C Junior Lien Bonds

The 2021C Junior Lien Bonds bear interest at the rate of 7.625% per annum and are payable annually on each December 15, beginning on December 15, 2021, from and to the extent of available Junior Lien Pledged Revenue. The 2021C Junior Lien Bonds mature on December 15, 2052.

The 2021C Junior Lien Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2021C Junior Lien Bonds compounds annually on each December 15. All of the 2021C Junior Lien Bonds and interest thereon are to be deemed to be paid and discharged on December 16, 2062, regardless of the amount of principal and interest paid prior to that date.

Pledge Agreement

The District entered into an Second Amended and Restated Capital Pledge Agreement on August 11, 2022 (the Second Amended and Restated Pledge Agreement) with Second Creek Farm Metropolitan No. 2 (the Pledge District) which agreement amends, restates, and supersedes in its entirety the Capital Pledge Agreement dated November 23, 2021, between the District and the Pledge District. Pursuant to the Second Amended and Restated Pledge Agreement, the Pledge District agrees to levy ad valorem property taxes and pay the revenue derived therefrom, including allocable specific ownership tax, to the District for the purpose of paying and securing bonds and other obligations issued and to be issued by the District.

Optional Redemption

The 2021C Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00
December 1, 2026 to November 30, 2027	1.00
December 1, 2027 and Thereafter	0.00

Junior Lien Pledged Revenue

The 2021C Junior Lien Bonds are secured by and payable from and to the extent of Junior Lien Pledged Revenue as described in the Flow of Funds in the 2021C Junior Lien Indenture which generally means funds available after the application to any requirements of any outstanding Senior Bonds and Subordinate Bonds.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Lien Limited Tax General Obligation Bonds, Series 2021C⁽³⁾ (the 2021C Junior Lien Bonds) (Continued)

Junior Lien Required Mill Levy

Pursuant to the 2021C Junior Lien Indenture, the District has covenanted to impose upon all taxable property of the District each year a Junior Lien Required Mill Levy in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after September 19, 2005) less the amount of the Senior/Subordinate Required Mill Levy (generally meaning the sum of the mill levies needed to pay any Senior Obligations and any Subordinate Obligations), or such lesser mill levy which is sufficient to pay all of the principal of, premium if any, and interest on the 2021C Junior Lien Bonds in full. If the amount of the Senior/Subordinate Required Mill Levy equals or exceeds 50.000 mills (as adjusted) in any year, the Junior Lien Required Mill Levy for that year shall be zero.

The Pledge Agreement requires that the Pledge District levy the same Junior Lien Required Mill Levy as the District.

Events of Default

The occurrence of any one or more of the following events constitute an Event of Default: (a) the District fails or refuses to impose the Junior Lien Required Mill Levy; (b) the District fails or refuses to remit the Junior Lien Pledged Revenue to the Trustee as required by the Junior Lien Indenture; (c) the District defaults in the performance or observance of any of the covenants, agreements, or conditions in the Junior Lien Indenture or Junior Lien Bond Resolution and fails to remedy the same after notice; or (c) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2021C Junior Lien Bonds.

Due to the limited nature of Junior Lien Pledged Revenue, the failure to pay the principal of or interest on the 2021C Junior Lien Bonds shall not constitute an Event of Default. Acceleration of the 2021C Junior Lien Bonds is not an available remedy for an Event of Default.

2021C Junior Lien Bonds Debt Service

The annual debt service requirements of the 2021C Junior Lien Bonds are not currently determinable since they are payable only from available Junior Lien Pledged Revenue.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Subordinate Lien Limited Tax General Obligation Draw Down Bonds, Series 2022D⁽³⁾ (the Junior Subordinate Lien Bonds)

The District issued the Junior Subordinate Lien Bonds on August 11, 2022, in the amount of \$3,055,000. The Junior Subordinate Lien Bonds are solely the obligation of the District, although the Second Creek Farm Metropolitan District No. 2 (“District No. 2”, and together with the District, the “Districts”) is obligated to support payment of the Junior Subordinate Lien Bonds pursuant to the Seconded Amended and Restated Capital Pledge Agreement between the Districts (the Second Amended and Restated Pledge Agreement).

Proceeds of the Junior Subordinate Lien Bonds

Proceeds from the sale of the Junior Subordinate Lien Bonds were used to finance a portion of the costs of public improvements related to the Development not previously financed with the Senior Bonds, the Subordinate Bonds, or the Junior Lien Bonds.

Details of the Junior Subordinate Lien Bonds

The Junior Subordinate Lien Bonds bear interest at the rate of 7.00% per annum and are payable annually on December 15, beginning December 15, 2022, from and to the extent of, Junior Subordinate Lien Pledged Revenue available, if any, and mature on December 15, 2052.

The Junior Lien Subordinate Bonds were issued on a draw-down basis, so that advances of the purchase price of the Junior Subordinate Lien Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the Junior Subordinate Lien Indenture. The last date on which a draw on the Junior Lien Subordinate Bonds may be made is August 11, 2025.

The Junior Lien Subordinate Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Junior Lien Subordinate Bonds compounds annually on each December 15. All of the Junior Lien Subordinate Bonds and interest thereon are to be deemed to be paid and discharged on December 16, 2062, regardless of the amount of principal and interest paid prior to that date.

Junior Subordinate Lien Bonds Optional Redemption

The Junior Lien Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Subordinate Lien Limited Tax General Obligation Draw Down Bonds, Series 2022D⁽³⁾ (the Junior Subordinate Lien Bonds³) (Continued)

Junior Subordinate Lien Bonds Optional Redemption (Continued)

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00
December 1, 2026 to November 30, 2027	1.00
December 1, 2027 and Thereafter	0.00

Junior Subordinate Lien Bonds Pledged Revenue

The Junior Subordinate Lien Bonds are secured by and payable from and to the extent of Junior Subordinate Lien Pledged Revenue, net of any costs of collection, which includes:

- (a) the ad valorem tax revenue derived from imposition of the Junior Subordinate Lien Required Mill Levy;
- (b) the portion of the Specific Ownership Tax revenue collected as a result of imposition of the Junior Subordinate Lien Required Mill Levy;
- (c) the Junior Subordinate Lien Capital Revenue;
- (d) all Junior Subordinate Lien Pledged Revenue available as described in the Flow of Funds in the Junior Subordinate Lien Indenture which generally means funds available after the application to any requirements of the any outstanding Senior Bonds, Subordinate Bonds and Junior Bonds; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Junior Subordinate Lien Pledged Revenue.

Junior Subordinate Lien Required Mill Levy

Pursuant to the Junior Subordinate Lien Indenture, the District has covenanted to impose a Junior Subordinate Lien Required Mill Levy upon all taxable property in the District each year in an amount equal to 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after September 19, 2005) less the Senior Required Mill levy, the Subordinate Required Mill Levy, and the Junior Lien Required Mill Levy, or such lesser amount that will generate Junior Subordinate Lien Property Tax Revenues which will pay the Junior Subordinate Lien Bonds in full in the year such levy is collected.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Subordinate Lien Limited Tax General Obligation Draw Down Bonds, Series 2022D⁽³⁾ (the Junior Subordinate Lien Bonds³)

Junior Subordinate Lien Required Mill Levy (Continued)

If the sum of the Senior Required Mill Levy, the Subordinate Required Mill Levy and the Junior Lien Required Mill Levy equals or exceeds 50 mills (as adjusted) in any year, the Junior Subordinate Lien Required Mill Levy for that year shall be zero.

Junior Subordinate Lien Capital Revenue

The Junior Subordinate Lien Pledged Revenue includes the Junior Subordinate Lien Capital Revenue meaning the sum of following, less costs of collection: (a) the ad valorem property tax revenue derived from imposition of the District No. 2 Junior Subordinate Lien Required Mill Levy; and (b) the Specific Ownership Tax revenue allocable to the District No. 2 Junior Subordinate Lien Required Mill Levy.

Events of Default

Events of default occur if the District fails to impose the Junior Subordinate Lien Required Mill Levy or to apply the Junior Subordinate Lien Pledged Revenue as required by the Junior Subordinate Lien Indenture, fails to pay principal and interest on the Junior Subordinate Lien Bonds when due, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Junior Subordinate Lien Indenture.

Debt Authorization

On November 1, 2005, the electorate approved general obligation indebtedness of \$560,000,000 representing \$70,000,000 for each of the following public improvements: streets, water, sewer, parks and recreation, traffic and safety, mosquito control, public transportation, and television relay and translation. The voters also approved general obligation indebtedness of \$70,000,000 for refinancing of District debt, \$70,000,000 for intergovernmental contracts and \$2,000,000 for general operations and maintenance.

On May 6, 2014, the electorate approved general obligation indebtedness of \$700,000,000 representing \$70,000,000 for each of the following public improvements: streets, water, sewer, parks and recreation, traffic and safety, mosquito control, public transportation, and television relay and translation, fire protection, and security services. The voters also approved general obligation indebtedness of \$70,000,000 for refinancing of District debt, \$70,000,000 for intergovernmental contracts and \$70,000,000 for general operations and maintenance.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

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

	Debt Authorized	Authorization Used 2019 Bonds	Authorization Used 2021C Bonds	Authorization Used 2022D Bonds	Authorized But Unused
Street Improvements	\$ 140,000,000	\$ 6,730,641	\$ 2,831,938	\$ 190,936	\$ 130,246,485
Safety Protection	140,000,000	-	-	-	140,000,000
Water	140,000,000	5,010,796	1,744,272	1,269,119	131,975,813
Sanitation	140,000,000	7,069,708	2,494,569	1,572,576	128,863,147
Park and Recreation	140,000,000	1,599,855	1,139,636	22,369	137,238,140
Public Transportation	140,000,000	-	236	-	139,999,764
Mosquito Control	140,000,000	-	-	-	140,000,000
Television Relay and Translation	140,000,000	-	20,165	-	139,979,835
Traffic and Safety	70,000,000	-	57,184	-	69,942,816
Security Services	70,000,000	-	-	-	70,000,000
Fire Protection	70,000,000	-	-	-	70,000,000
Operations and Maintenance	72,000,000	-	-	-	72,000,000
Refunding	140,000,000	-	-	-	140,000,000
Intergovernmental Agreements	140,000,000	-	-	-	140,000,000
Total	<u>\$ 1,682,000,000</u>	<u>\$ 20,411,000</u>	<u>\$ 8,288,000</u>	<u>\$ 3,055,000</u>	<u>\$1,650,246,000</u>

Per the Service Plan, the District is limited to issuing \$70,000,000 in debt. In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for the purposes of providing public improvements to support development as it occurs within the District's service area.

Facilities Funding and Acquisition Agreement

Effective December 1, 2016, District No. 1 and the Developer entered into a Facilities Funding and Acquisition Agreement. Pursuant to the Facilities Funding and Acquisition Agreement, District No. 1 acknowledged Developer has incurred organization expenses that are subject to reimbursement once District No. 1 issues bonds. In addition, the Developer has agreed to advance District No. 1 funds necessary to fund construction related expenses on a periodic basis for fiscal years 2017 through 2025. Estimated costs to complete construction are \$30,000,000. Advances made by the Developer shall accrue interest at 8.00% per annum from the Organization Date for organization expenses and from the date verified costs were incurred by the Developer for construction related expenses. Payments by District No. 1 to the Developer shall first be applied to unpaid interest and then to outstanding principal due. Under the Cost Sharing Agreement (see Note 7), future Shared Improvement Costs after August 8, 2022, shall be paid for by District, District No. 1, or District No. 4, as applicable. If the District, District No. 1 or District No. 4 has insufficient funds to pay the same, then such applicable District shall be solely responsible for repayment of such amount to the Developer and no other District shall have any obligation to pay the same to the Developer.

As of December 31, 2023, the outstanding balance due under this agreement attributable to the District is \$5,078,454 in principal and \$560,537 in accrued interest.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 RELATED PARTY

All members of the Board of Directors of the District are employees, owners or are otherwise associated with Second Creek Holdings, LLC (Developer) and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. Also, the Developer has various agreements with the District.

NOTE 7 AGREEMENTS

Facilities Funding, Construction, and Operations Agreement

On February 8, 2006, and as amended and restated on July 15, 2019, effective January 1, 2019, the District entered into an Amended and Restated Facilities Funding, Construction and Operations Agreement (FFCO) with District Nos. 2 and 4 (together with the District, the Consumer Districts) and District No. 1 (Service District) establishing certain obligations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plans for the purpose of providing services within the Districts in a timely and coordinated fashion.

Pursuant to the FFCO, District No. 1 is designated as the Service District and agrees to provide the following: (1) district operation and maintenance services (including, but not limited to, drafting proposals, supervising and ensuring contract compliance, procuring all inventory, providing operators supervision, and other service with respect to the operations and maintenance of the District); and (2) administration services (generally comprised of serving as the official custodian of the Districts, coordinating all District Board meetings, ongoing District maintenance and administration, budget preparation and coordinating activities); and (3) project administration services (including drafting and reviewing proposals, site coordination, contractor scheduling, oversight and review of construction activities).

The FFCO provides that the Consumer Districts agree to pay the Service District revenue from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes. All revenue received from the Consumer Districts will be transferred on a monthly basis to the Service District.

Pursuant to the certain Termination of Funding Agreements and Assignment of Obligations, dated December 1, 2016, amounts outstanding with the prior developer from the District and Districts Nos. 2 and 4 were assigned and assumed by District No. 1 in furtherance of its role as the Service District under the FFCO.

On August 8, 2022, District Nos. 1-4 entered into that certain First Amendment to Amended and Restated Facilities Funding, Construction and Operations Agreement, effective July 14, 2022 (First FFCO Amendment). Thereunder, District Nos. 1-4 agreed that certain Public Improvements (as defined in the FFCO) may not benefit all of District Nos. 1-4 equally, and that they may enter into separate cost sharing agreements by and among themselves to address the funding of such Public Improvements. The First FFCO Amendment also permits that any of District Nos. 1-4 to be an Issuing District (as defined in the FFCO) solely to pay costs attributable to such Issuing District under a cost sharing agreement and that proceeds (if any) from Bonds may be utilized by such Issuing District to pay its obligations under such cost sharing agreements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Cost Sharing Intergovernmental Agreement

On August 8, 2022, District Nos. 1-4 entered into that certain Cost Sharing Intergovernmental Agreement, effective July 14, 2022 (Cost Sharing IGA). Thereunder, District Nos. 1-4 identified the District Shared Improvements (as defined therein), the allocation of costs thereof among District Nos. 1-4, and established the process by which the District Shared Improvements will be designed and constructed. The Cost Sharing IGA also established a process for reallocating and repaying costs related to the Initial Shared Improvements (as defined therein) that were paid for by certain of the District Nos. 2/3 Bonds (as defined therein). In addition, the Cost Sharing IGA notes that any future Shared Improvement Costs shall be paid for by each applicable District. If the District has insufficient funds to pay the same, then such applicable District shall be solely responsible for repayment of such amount to the Developer and no other District shall have any obligation to pay the same to the Developer.

Joint Resolution Regarding Allocation and Acceptance of Project Costs

On August 8, 2022, District Nos. 1-4 approved that certain Joint Resolution Regarding Project Costs Pursuant to Amended and Restated Facilities Funding, Construction and Operations Agreement, Facilities Funding and Acquisition Agreement and Cost Sharing Intergovernmental Agreement (Project Cost Joint Resolution). Pursuant thereto, each of District Nos. 1-4 accepted, acknowledged, and otherwise authorized the allocation of certain costs by and among District Nos. 1-4 as set forth and established in the FFCOA, as amended, the Cost Sharing IGA, and other documents accepted, entered into, and or approved by District Nos. 1-4, as described in the Project Cost Joint Resolution, including, without limitation, certain cost verification reports of certain licensed independent cost verification engineers.

Cooperation and Reimbursement Agreement

On January 15, 2020, the District, District No. 1, the Developer (as successor in interest to Second Creek LB Investors SPV LLC), Stratus Buffalo Highlands, LLC (Stratus), Meritage Homes of Colorado Inc., Lennar Colorado LLC (Lennar), and LGI Homes – Colorado, LLC entered into a Second Amendment to the Cooperation and Reimbursement Agreement Amendment. Per the terms of the Amendment the District paid Lennar and Stratus, \$401,476 each on January 26, 2020, representing one-half of the amount payable plus accrued interest for Completed Work under the Agreement.

Per the Amendment, the City also requires the construction of 93rd Avenue to 88th Avenue (Telluride Remaining Portion). The District and Stratus are to agree upon a good faith estimate plus a 25% contingency amount needed to construct the Telluride Remaining Portion. After the payment on January 26, 2020, the remaining Telluride funds were \$1,666,191 (Remaining Telluride Funds). Per the terms of the Amendment, the Remaining Telluride Funds were transferred to an escrow account in October 2020. The Remaining Telluride Funds held in escrow were released to Meritage in 2024.

The Amendment also defines costs to construct a Waterline line (Waterline Costs) that are reimbursable costs under the Cooperation Agreement (as defined in the Amendment). The District agrees to deposit an amount equal to 125% of the Waterline Costs in an account held for escrow to be used to pay for the actual cost to construct the Waterline totaling \$93,111. As of December 31, 2023, \$93,111 is restricted for this purpose.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Agreement Regarding Payment Obligations

On September 5, 2019, and as amended on March 9, 2020, the District, District No. 1, the Developer, and LGI entered into an Agreement Regarding Payment Obligations whereby the District agreed to set aside \$2,494,527 in relation to the District's commitment to reimburse certain costs associated with Telluride Street under the Cooperation and Reimbursement Agreement. The District agreed to acquire related improvements from the construction of the South Half of 88th Avenue and its connection to Telluride Street (88th Avenue Improvements) through the South Half 88th Avenue Facilities Funding and Acquisition Agreement.

Under the Agreement the District will allocate and earmark project funds from the 2019 Bond issuance in the following order of priority, (1) Telluride Reimbursement (2) 88th Avenue Facilities Funding and Acquisition Agreement (3) Sanitary Stub and Grading Work and (4) Second Creek Funding Agreements (any obligations under the FFCO, Second Creek Funding Agreements and any other Agreement in such order). As of December 31, , the District has restricted \$40,731 in relation to this Agreement.

South Half of 88th Avenue Facilities Funding and Acquisition Agreement

On September 10, 2019, and as amended on March 6, 2020, the District, District No. 1, and LGI acknowledged that LGI intends to design, construct and complete certain improvements generally required to develop the South Half of 88th Avenue (88th Avenue Improvements). In return, the District has agreed to earmark and use a portion of the Series 2019A Bond proceeds to pay for the construction of the 88th Avenue Improvements up to the amount of 115% of the preliminary construction costs (Maximum Reimbursement Amount). Upon final payment of the earmarked funds, the District shall acquire the 88th Avenue Improvements or elect that the 88th Avenue Improvements be conveyed directly to the City of Commerce. As of December 31, , there was no estimated and restricted construction costs remaining related to the 88th Avenue Improvements.

Facilities Fees

The District has adopted an Amended and Restated Facilities Fee Resolution which imposes facilities fees (the Fees), due and payable upon issuance of a building permit to a buyer by the City or Adams County. The Fees, at the District's discretion, may be used for costs associated with public improvements. The Fees are \$2,500 per single family detached dwelling unit and \$1,500 per attached single-family attached dwelling unit. During , the District collected \$0 in Fees.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position for emergency fund of \$900 and capital projects in the amount of \$143,169 as of December 31, .

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of bonds issued for public improvements constructed by District No. 1 and which costs are recorded in District No. 1's financial records.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 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.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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. TABOR reserve is not provided when the District's ending fund balance is a deficit.

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

On November 1, 2005 and May 6, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR and also authorized the District to increase property taxes by up to \$2,000,000 annually.

NOTE 11 SUBSEQUENT EVENTS

Joint Resolution Regarding Allocation and Acceptance of Project Costs

Effective April 22, 2024, the District, District No. 1 and District No. 4, executed a joint resolution accepting an updated cost sharing report. Per the details of the resolution, District No. 4 authorized the repayment of verified allocated costs attributable to District No. 4 in an amount of District No. 4's obligation to the Service District under the FFCO and to the Districts under the Cost Sharing IGA, and in part, the obligations of the Service District to the Developer under the Facilities Funding Agreement.

District No. 4 also authorized an amount equal to the sum of District No. 4 unreimbursed costs shall constitute an additional principal draw on District No. 4 Bonds of \$1,635,518. District No. 1 and District No. 3 acknowledged the additional principal draw down satisfies District No. 4's obligations under the FFCO and Cost Sharing IGA. In addition, the Districts acknowledged that any portion of District No. 4 unreimbursed costs that have previously been paid by another District shall constitute a District No. 3 developer reimbursement reduction pursuant to the Cost Sharing IGA.

SUPPLEMENTARY INFORMATION

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 144,617	\$ 122,847	\$ (21,770)
Specific Ownership Taxes	10,123	9,290	(833)
Interest Income	23,000	85,472	62,472
Other revenue	5,000	-	(5,000)
Intergovernmental Revenues	362,673	354,427	(8,246)
Total Revenues	<u>545,413</u>	<u>572,036</u>	<u>26,623</u>
EXPENDITURES			
County Treasurer's Fee	2,169	1,796	373
Bond Interest	935,750	935,750	-
Contingency	5,000	-	5,000
Total Expenditures	<u>942,919</u>	<u>937,546</u>	<u>5,373</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(397,506)	(365,510)	31,996
OTHER FINANCING SOURCES			
Transfers From Other Funds	-	15,000	15,000
Total Other Financing Sources	<u>-</u>	<u>15,000</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	(397,506)	(350,510)	46,996
Fund Balance - Beginning of Year	<u>1,758,352</u>	<u>1,775,084</u>	<u>16,732</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,360,846</u>	<u>\$ 1,424,574</u>	<u>\$ 63,728</u>

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Facilities Fees	\$ 50,000	\$ -	\$ -	\$ -
Interest Income	2,500	7,000	6,801	(199)
Total Revenues	<u>52,500</u>	<u>7,000</u>	<u>6,801</u>	<u>(199)</u>
EXPENDITURES				
Intergovernmental Expenditures	233,110	-	-	-
Capital Outlay	-	5,250,000	5,096,763	153,237
Total Expenditures	<u>233,110</u>	<u>5,250,000</u>	<u>5,096,763</u>	<u>153,237</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(180,610)	(5,243,000)	(5,089,962)	153,038
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	5,250,000	5,096,763	(153,237)
Transfers To Other Fund	-	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,235,000</u>	<u>5,081,763</u>	<u>(153,237)</u>
NET CHANGE IN FUND BALANCE				
	(180,610)	(8,000)	(8,199)	(199)
Fund Balance - Beginning of Year	<u>180,610</u>	<u>151,400</u>	<u>151,368</u>	<u>(32)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 143,400</u></u>	<u><u>\$ 143,169</u></u>	<u><u>\$ (231)</u></u>

OTHER INFORMATION

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2023**

\$1,871,5000 Senior Bonds, Series 2019A

Dated October 23, 2019

Interest Rate of 5.000%

Interest Payable June 1 and December 1

the Year Ending
December 31,

Principal Payable December 1

	Principal	Interest	Total
2024	\$ -	\$ 935,750	\$ 935,750
2025	-	935,750	935,750
2026	-	935,750	935,750
2027	120,000	935,750	1,055,750
2028	275,000	929,750	1,204,750
2029	355,000	916,000	1,271,000
2030	395,000	898,250	1,293,250
2031	415,000	878,500	1,293,500
2032	460,000	857,750	1,317,750
2033	485,000	834,750	1,319,750
2034	535,000	810,500	1,345,500
2035	560,000	783,750	1,343,750
2036	620,000	755,750	1,375,750
2037	650,000	724,750	1,374,750
2038	710,000	692,250	1,402,250
2039	745,000	656,750	1,401,750
2040	810,000	619,500	1,429,500
2041	850,000	579,000	1,429,000
2042	920,000	536,500	1,456,500
2043	965,000	490,500	1,455,500
2044	1,045,000	442,250	1,487,250
2045	1,095,000	390,000	1,485,000
2046	1,180,000	335,250	1,515,250
2047	1,240,000	276,250	1,516,250
2048	1,335,000	214,250	1,549,250
2049	2,950,000	147,500	3,097,500
Total	<u>\$ 18,715,000</u>	<u>\$ 17,512,750</u>	<u>\$ 36,227,750</u>

**SECOND CREEK FARM METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2019	\$ 40,530	0.000	0.000	0.000	\$ -	\$ -	-
2020	13,750	11.132	55.664	66.796	918	-	-
2021	4,820	11.132	55.664	66.796	322	-	-
2022	34,320	11.132	55.664	66.796	2,292	-	-
2023	2,892,340	11.132	50.000	61.132	176,815	150,198	85
Estimated for Year Ending December 31, 2024	\$7,156,060	11.671	51.971	63.642	\$ 455,426		

NOTE: Property taxes shown as collected in any one year may include collection of delinquent property taxes assessed in prior years. This presentation does not attempt to identify specific year of assessment.

Source: Adams County Assessor and Treasurer.